



FAIR WORK
AUSTRALIA

27 October 2011

Ms Amanda Galbraith
President
The Pharmacy Guild of Australia, Australian Capital Territory Branch

email: guild.act@guild.org.au

Dear Ms Galbraith

Re: Financial Report for The Pharmacy Guild of Australia, Australian Capital Territory Branch for year ended 30 June 2011 – FR2011/2592

I acknowledge receipt of the financial report for The Pharmacy Guild of Australia, Australian Capital Territory Branch for the year ended 30 June 2011. The report was lodged with Fair Work Australia on 30 September 2011.

The financial report has now been filed.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged.

Disclosure of provisions for employee benefits to office holders and other employees

The Reporting Guidelines require either the balance sheet or the notes to disclose any liability for employee benefits in respect of office holders and other employees (items 14(c) and 14 (d)). Notes 5 and 9 disclose these liabilities but do not distinguish between provisions for office holders and other employees. In future years please ensure that provisions for office holders and other employees are disclosed separately.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

Kevin Donnellan

Tribunal Services and Organisations

Fair Work Australia

Email: kevin.donnellan@fwa.gov.au



Designated Officer's Certificate
S268 of Fair Work (Registered Organisations) Act 2009

I Amanda Galbraith being the 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 Fair Work (Registered Organisations) Act 2009; and
- that the full report was made available to members on 6 September 2011; and
- that the full report was presented to a general meeting of members of the reporting unit on 28 September 2011 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Amanda Galbraith
President
30 September 2011

ACT Branch



The Pharmacy
Guild of Australia

The Pharmacy Guild of Australia ACT Branch

Financial Report
For the Year Ended 30 June 2011

Table of Contents

Operating Report	1-3
Committee of Managements' Certificate	4
Independent Audit Report	5-6
Statement of Comprehensive Income	7
Balance Sheet	8
Cash Flow Statement	9
Statement of Changes in Equity	10
Notes to and Forming Part of the Financial Statements	11-27



Operating Report

I, Kenneth Cox, being the designated officer responsible for preparing this report for the financial year ended 30 June 2011 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 principal place of the Pharmacy Guild of Australia ACT Branch is Level 3, 10 National Circuit, Barton ACT 2600.
- (iii) The Guild functions as a single entity and acts under its Constitution and Rules and reports under the Fair Work (Registered Organisations) Regulations 2009.
- (iv) 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.
- (v) The implementation of this policy is overseen by the National Executive through the National Secretariat.
- (vi) 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.
- (vii) The ACT Branch continues its campaign to protect community pharmacy from any adverse regulatory changes to ACT legislation.
- (viii) In conjunction with the Guild's National Secretariat, the ACT Branch administered programs funded by the Fifth Community Pharmacy Agreement, including the Quality Care Pharmacy Program (QCPP) and the Quality Use of Medicines Maximised for Aboriginal and Torres Strait Islander People Program (QUMAX). Funding for the QCPP and QUMAX programs will continue to 30 June 2012.

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

- (i) In accordance with National Council's decision to provide support to the ACT Branch, subsidy funding totalling \$207,000 (2010: \$210,000) has been provided during 2010/2011. National Council has made an ongoing commitment to support the ACT Branch based on approved budgets.



(c) Superannuation Trustees

- (i) Officers of the Branch holding the position of a trustee or director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme are as follows:
- Kenneth Cox, director of Poel Holding Pty Ltd. Poel Holding Pty Ltd acts as trustee of the Poel Superannuation Fund.
 - Patrick White, director of Northcliff Pty Ltd. Northcliff Pty Ltd acts as trustee of the Northcliff Superannuation Fund.
 - Vincent Tran, director of Dreams Unbound Pty Ltd. Dreams Unbound Pty Ltd acts as trustee of the Dreams Unbound Superannuation Fund.

(d) Members advice:

- (i) Under Section 174 of the Fair Work (Registered Organisations) Act 2009, a member has the right to resign from membership in accordance with Rule 36 of the organisation's Constitution and Rules.
- (ii) The register of members of the organisation was maintained in accordance with the Fair Work (Registered Organisations) Act 2009.

(e) Prescribed and other Information:

- (i) As at 30 June 2011, to which this report relates, the number of members of the organisation was 60 (including 1 member who is also an Honorary Life Member). Other Honorary Life Members, Nominals and Associates totalled 9.
- (ii) As at 30 June 2011 the total number of employees employed by the reporting entity was 4.
- (iii) During the reporting period the following persons were members of the ACT Branch Committee of Management for the whole period unless stated otherwise:

Amanda Galbraith	Branch President
Kenneth Cox	Branch Vice President
Patrick Reid	
Patrick White	
Vincent Tran	
Honor Combley	(resigned 1 June 2011)
Li Meng Wong	(resigned 1 July 2010)



**The Pharmacy
Guild of Australia**
ACT Branch

(f) Insurance of Officers:

- (i) During the financial year, The Pharmacy Guild of Australia ACT Branch paid insurance to cover all officers of The Pharmacy Guild of Australia ACT Branch. The officers of The Pharmacy Guild of Australia ACT Branch covered by the insurance policy include all the committee of management. Other officers covered by the contract are the management of The Pharmacy Guild of Australia ACT Branch. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of The Pharmacy Guild of Australia ACT Branch.

Kenneth Cox
ACT Branch Vice President - Finance
6 September 2011



Committee of Management's 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 on 6 September 2011 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 2011:

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 General Manager of Fair Work Australia;
- (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 2011;
- (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;
 - (ii) the financial affairs of The Pharmacy Guild of Australia ACT Branch have been managed in accordance with the rules of the organisation;
 - (iii) the financial records of The Pharmacy Guild of Australia ACT Branch have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009;
 - (iv) The financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other Branches of the Pharmacy Guild of Australia;
 - (v) 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 General Manager of Fair Work Australia in accordance with the requirements of section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - (vi) The Pharmacy Guild of Australia ACT Branch has complied with any order for inspection of financial records made by Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009.

Kenneth Cox
ACT Branch Vice President - Finance
Canberra, 6 September 2011

Independent auditor's report to the members of The Pharmacy Guild of Australia - ACT Branch

We have audited the accompanying financial report of The Pharmacy Guild of Australia - ACT Branch ("the Guild"), which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Committee of Management's Certificate.

Committee of Management's Responsibility for the Financial Report

The Committee of Management of the Guild are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the Committee of Management also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of The Pharmacy Guild of Australia - ACT Branch as of 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009; and
- (b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Ben Tansley'.

Ben Tansley
Partner
Canberra
6 September 2011



**Statement of Comprehensive Income
For the Year Ended 30 June 2011**

	<i>Note</i>	2011 \$	2010 \$
REVENUE			
Revenue	4	582,526	566,107
Other Income	4	806	18,291
Remuneration and employee benefits expense	5(a),5(b)	(350,204)	(335,662)
Depreciation expense		(6,462)	(3,751)
Other expenses	5(c)	<u>(222,810)</u>	<u>(225,602)</u>
SURPLUS BEFORE INCOME TAX EXPENSE		<u>3,856</u>	<u>19,383</u>
INCOME TAX EXPENSE	2(d)	<u>-</u>	<u>-</u>
SURPLUS AFTER INCOME TAX		<u>3,856</u>	<u>19,383</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE MEMBERS OF THE PHARMACY GUILD OF AUSTRALIA ACT BRANCH		<u><u>3,856</u></u>	<u><u>19,383</u></u>

The above statement should be read in conjunction with the notes.



**Balance Sheet
As at 30 June 2011**

	<i>Note</i>	<i>2011</i> \$	<i>2010</i> \$
CURRENT ASSETS			
Cash and cash equivalents	6	135,229	151,630
Trade and other receivables	7	99,234	89,083
Prepayments		8,163	9,982
Inventories		2,990	1,107
TOTAL CURRENT ASSETS		<u>245,616</u>	<u>251,802</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>24,310</u>	<u>25,941</u>
TOTAL NON-CURRENT ASSETS		<u>24,310</u>	<u>25,941</u>
TOTAL ASSETS		<u>269,926</u>	<u>277,743</u>
CURRENT LIABILITIES			
Trade and other payables	9	62,422	98,802
Revenue received in advance		<u>42,272</u>	<u>23,918</u>
TOTAL CURRENT LIABILITIES		<u>104,694</u>	<u>122,720</u>
NON-CURRENT LIABILITIES			
Provisions	10	<u>10,516</u>	<u>4,163</u>
TOTAL NON-CURRENT LIABILITIES		<u>10,516</u>	<u>4,163</u>
TOTAL LIABILITIES		<u>115,210</u>	<u>126,883</u>
NET ASSETS		<u>154,716</u>	<u>150,860</u>
EQUITY			
Equity attributable to the members of The Pharmacy Guild of Australia ACT Branch			
Accumulated funds		<u>154,716</u>	<u>150,860</u>
TOTAL EQUITY		<u>154,716</u>	<u>150,860</u>

The above statement should be read in conjunction with the notes.



**Cash Flow Statement
For the Year Ended 30 June 2011**

	<i>Note</i>	2011 \$	2010 \$
CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES			
Receipts from customers		565,767	501,337
Other income received		806	18,291
Payments to suppliers and employees		(584,689)	(469,923)
Interest received		6,608	4,792
		<u>6,608</u>	<u>4,792</u>
NET CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES	6(b)	<u>(11,508)</u>	<u>54,497</u>
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		<u>(4,893)</u>	<u>(22,157)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(4,893)</u>	<u>(22,157)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS			
		(16,401)	32,340
Cash and cash equivalents at beginning of the year		151,630	119,290
		<u>151,630</u>	<u>119,290</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	6(a)	<u><u>135,229</u></u>	<u><u>151,630</u></u>

The above statement should be read in conjunction with the notes.



**Statement of Changes in Equity
For the Year Ended 30 June 2011**

	Accumulated Funds \$	Total Equity \$
At 30 June 2009	131,477	131,477
Surplus for the year	19,383	19,383
Other comprehensive income	-	-
At 30 June 2010	150,860	150,860
Surplus for the year	3,856	3,856
Other comprehensive income	-	-
At 30 June 2011	<u>154,716</u>	<u>154,716</u>

The above statement should be read in conjunction with the notes.



Notes to the Financial Statements For the Year Ended 30 June 2011

Note 1: Organisational Information

The financial report of The Pharmacy Guild of Australia ACT Branch (the Guild) for the year ended 30 June 2011 was authorised for issue in accordance with a resolution passed by the Branch Committee on 6 September 2011. The Pharmacy Guild of Australia ACT Branch is an unincorporated organisation registered under the *Fair Work (Registered Organisations) Act 2009* and domiciled in Australia. The nature of the operations and the principal activities of the Guild are described in the Operating Report.

Note 2: Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Fair Work (Registered Organisation) Act 2009*, Australian Accounting Standards and other Authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis and is presented in Australian dollars.

Compliance with AIFRS

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

New Accounting Standards and Interpretations

In the current period, the Guild has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Various standards and interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these standards and interpretations do not affect the Guild's present policies and operations. The branch committee anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Guild.

(b) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Cash Flow Statement, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts.



**Notes to the Financial Statements
For the Year Ended 30 June 2011**

Note 2: Summary of Significant Accounting Policies (continued)

(c) Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(d) Taxes

Income Tax

The Guild is exempt from income tax in accordance with Section 50-15 of the *Income Tax Assessment Act 1997*.
Goods and Services Tax (GST).

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

- (i) 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
- (ii) receivables and payables are stated with the amount of GST included.

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

Cash flows are included in the Cash Flow Statement on a gross basis and the GST 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) Trade and other receivables

Trade receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.



**Notes to the Financial Statements
For the Year Ended 30 June 2011**

Note 2: Summary of Significant Accounting Policies (continued)

(e) Trade and other receivables (continued)

Collectability of trade debtors is reviewed on an ongoing basis. Individual debts that are known to be uncollectable are written off when identified. An allowance for doubtful debts is made when there is objective evidence that the Guild will not be able to collect the debts. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Bad debts are written off when identified.

(f) Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Where material, expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(g) Property, plant and equipment

Cost and Valuation

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance are recognised in profit or loss as incurred.



Notes to the Financial Statements For the Year Ended 30 June 2011

Note 2: Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment (continued)

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Major depreciation periods are:	2011	2010
Plant and equipment:		
- office equipment	3 -5 years	3-5 years
- furniture & fittings	6-10 years	6-10 years
- IT equipment	4 years	4 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition and disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. Value in use for the Guild is taken to be its depreciated replacement cost (where they would replace the asset if deprived of it) as future economic benefit is not primarily dependent on the assets ability to generate future cashflows.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income.



Notes to the Financial Statements For the Year Ended 30 June 2011

Note 2: Summary of Significant Accounting Policies (continued)

(h) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Guild prior to the end of the financial year that are unpaid and arise when the Guild becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and are usually paid within 30 days of recognition.

(i) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Guild and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods are recognised when the control of the goods has passed to the buyer.

Subsidies – National Secretariat

Revenue from subsidies are recognised following approval of the amount by the National Secretariat.

Professional Services

Revenue from professional services is recognised in accordance with Memorandum of Understandings between the ACT Branch and the National Secretariat as the services are provided.

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 to which the commission relates has occurred.

Interest

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

(j) Operating lease

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.



**Notes to the Financial Statements
For the Year Ended 30 June 2011**

Note 3: Information to be Provided to Members or General Manager

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, 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 the General Manager, 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).



Notes to the Financial Statements
For the Year Ended 30 June 2011

Note 4: Revenue

	<i>2011</i>	<i>2010</i>
	\$	\$
Revenue		
Subsidy – National Secretariat	207,000	210,000
Subscriptions from members	126,488	115,936
Commissions	79,004	73,063
Consulting	30,956	-
Professional services	94,865	124,482
Events - Annual Dinner	13,241	13,818
Merchandising	21,939	18,090
Interest income	6,608	4,792
Other	2,425	5,926
Total revenue	<u>582,526</u>	<u>566,107</u>
Other Income		
Other Income – Guild Group	<u>806</u>	<u>18,291</u>
Total Other Income	<u>806</u>	<u>18,291</u>



Notes to the Financial Statements
For the Year Ended 30 June 2011

Note 5: Expenses	2011	2010
	\$	\$
(a) Employment benefits paid to branch committee member and key management personnel		
Short term employee benefits	157,256	137,080
Post employment benefits	17,155	15,334
	<u>174,411</u>	<u>152,414</u>
(b) Employment benefits paid to non branch committee members and non key management personnel		
Wages and salaries	135,276	144,205
Annual leave, sick leave and long service leave	18,651	15,006
Superannuation	19,035	18,385
Other employee expenses	2,831	5,652
	<u>175,793</u>	<u>183,248</u>
Total remuneration and employee expenses	<u>350,204</u>	<u>335,662</u>
(c) Other expenses		
Events - Annual Dinner	5,253	9,538
Membership subscriptions (paid to National Secretariat)	72,919	67,681
Membership fees-organisations	2,227	2,526
General administration	13,702	18,150
Conference and meeting expenses	5,312	8,099
Conference and meeting attendance fees/allowances *	5,145	8,213
Consultancy	4,387	6,840
Insurance	11,914	11,625
Merchandising	8,853	8,318
Payroll tax	23,629	21,649
Printing and stationery	4,058	3,760
Remuneration to auditors	6,180	7,945
Rental expense	38,272	36,498
Telephone and communication	20,897	14,124
Legal fees	-	275
Loss on disposal	62	361
	<u>222,810</u>	<u>225,602</u>
Total other expenses	<u>222,810</u>	<u>225,602</u>

* refer to Note 14 for amounts reimbursed to branch committee members



**Notes to the Financial Statements
For the Year Ended 30 June 2011**

Note 6: Cash and cash equivalents

	2011	2010
	\$	\$
(a) Reconciliation of cash		
Cash on hand	62	17
Cash at bank	<u>135,167</u>	<u>151,613</u>
	<u><u>135,229</u></u>	<u><u>151,630</u></u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent their fair values.

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

Operating surplus	3,856	19,383
<i>Non cash items</i>		
Depreciation	6,462	3,751
Loss on disposal of property, plant and equipment	62	361
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in trade and other receivables	(10,151)	3,621
Decrease / (increase) in prepayments	1,819	(376)
(Increase) / decrease in inventory	(1,883)	832
(Decrease) / increase in trade and other payables	(36,380)	33,497
Increase / (decrease) in revenue received in advance	18,354	(10,735)
Increase in provisions	<u>6,353</u>	<u>4,163</u>
Net cash flows (used in) / from operating activities	<u><u>(11,508)</u></u>	<u><u>54,497</u></u>

Note 7: Trade and other receivables

	2011	2010
	\$	\$
Trade receivables	96,652	88,741
Accrued revenue	<u>2,582</u>	<u>342</u>
	<u><u>99,234</u></u>	<u><u>89,083</u></u>

Trade receivables are non-interest bearing and are generally on 30-day terms.



**Notes to the Financial Statements
For the Year Ended 30 June 2011**

Note 7: Trade and other receivables (continued)

As at 30 June 2011, the ageing analysis of trade and sundry receivables is as follows:

	Total	0-30 days	31-60 Days PDNI*	61-90 days PDNI*	61-90 days CI*	+ 91 days PDNI*	+ 91 days CI*
2011	99,234	77,896	713	20,625	-	-	-
2010	89,083	83,406	185	4,560	-	932	-

* Past due not impaired (PDNI)
Considered impaired (CI)

Receivables past due but not considered impaired are \$21,338 (2010: \$5,677). The relevant business units have been in direct contact with the relevant debtor and are satisfied that all payments will be received in full.

Note 8: Property, plant and equipment

Office equipment - at cost	20,965	17,310
Provision for depreciation	<u>(16,947)</u>	<u>(15,085)</u>
	<u>4,018</u>	<u>2,225</u>
Furniture & Fittings - at cost	17,470	16,413
Provision for depreciation	<u>(4,198)</u>	<u>(2,121)</u>
	<u>13,272</u>	<u>14,292</u>
IT Equipment – at cost	9,615	9,615
Provision for depreciation	<u>(2,595)</u>	<u>(191)</u>
	<u>7,020</u>	<u>9,424</u>
Total carrying amount	<u>24,310</u>	<u>25,941</u>

Reconciliation of movements

<i>Property, plant and equipment</i>		
Carrying amount at beginning	25,941	7,896
Additions	4,893	22,157
Disposals	(62)	(361)
Depreciation expense	<u>(6,462)</u>	<u>(3,751)</u>
Carrying amount at year end	<u>24,310</u>	<u>25,941</u>



**Notes to the Financial Statements
For the Year Ended 30 June 2011**

Note 9: Trade and other payables

	2011	2010
	\$	\$
Trade payables	10,079	38,624
Accrued expenses	6,380	7,915
Accrued annual leave	19,745	18,114
Salaries payable	-	11,376
GST payable	12,028	12,091
PAYG payable	7,930	3,888
Payroll tax payable	2,243	1,408
Superannuation payable	4,017	5,386
	<u>62,422</u>	<u>98,802</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Note 10: Non-current liabilities – provisions

	2011	2010
	\$	\$
Long service leave (b)(i)	2,638	-
Lease provision (b)(ii)	3,657	297
Make good (b)(iii)	4,221	3,866
	<u>10,516</u>	<u>4,163</u>

(a) Movements in provisions

	Lease provision	Make good	Total
	\$	\$	\$
At 30 June 2010	297	3,866	4,163
Unwinding and discount rate adjustment	<u>3,360</u>	<u>355</u>	<u>3,715</u>
At 30 June 2011	3,657	4,221	7,878
Current 2010	-	-	-
Non-current 2010	<u>297</u>	<u>3,866</u>	<u>4,163</u>
	297	3,866	4,163
Current 2011	-	-	-
Non-current 2011	<u>3,657</u>	<u>4,221</u>	<u>7,878</u>
	3,657	4,221	7,878

(b) Nature and timing of provisions

(i) Long service leave

Refer to note 2(f)(ii) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.



Notes to the Financial Statements For the Year Ended 30 June 2011

Note 10: Non-current liabilities – provisions (continued)

(b) Nature and timing of provisions (continued)

(ii) Lease provision

Refer to note 2(j) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

(iii) Make good

In accordance with the under-lease agreement with Gold Cross Products & Services Pty Limited, the Guild must restore the leased premises in Canberra to its original condition at the end of the lease term in 2016.

A provision of \$3,866 was raised during the year ended 30 June 2010 in respect of the Guild's obligation to remove leasehold improvements from the leased premises and is included in the carrying amount of the leasehold improvements. During the year ended 30 June 2011 the Guild provided a further \$355 for this purpose.

Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred. The provision has been calculated using a pre-tax discount rate of 11.41%.

Note 11: Events after the balance sheet date

There have been no significant events that have occurred subsequent to 30 June 2011.

Note 12: Financial risk management objectives and policies

The Guild's principal financial instruments comprise of mainly cash at bank, receivables and payables.

The main risk arising from the Guild's financial instruments are interest rate risk, credit risk and liquidity risk.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset are disclosed in Note 2 to the financial statements.

Financial Instruments

The Guild manages its exposure to key financial risks, which primarily relate to interest rate risk in accordance with the Guild's policies. The objective of the policy is to support the delivery of the Guild's services to its members whilst protecting financial security.



Notes to the Financial Statements For the Year Ended 30 June 2011

Note 12: Financial risk management objectives and policies (continued)

Financial Instruments (continued)

The Guild uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of interest rates, ageing analyses to manage credit risk, whilst liquidity risk is monitored through the development of cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Committee members. The Guild reviews and agrees policies for managing this risk and these are summarised below.

(a) Credit risk

Credit risk arises from the financial assets of the Guild comprising cash and cash equivalents and trade and other receivables. The Guild's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The carrying amounts of the Guild's financial assets are the same as their fair value. Exposure at balance date is presented in the following table:

Financial assets	As at 30 June	
	2011 \$	2010 \$
Cash and cash equivalents	135,229	151,630
Trade and other receivables	99,234	89,083

The Guild does not hold any credit derivatives to offset its credit exposure.

The Guild deals with recognised, creditworthy third parties, and as such collateral is not requested nor is it Branch policy to securitise its receivables.

In addition, trade and other receivable balances are monitored on an ongoing basis with the result that the Guild's exposure to bad debts is not significant. All customers are located in Australia. Credit risk in trade and other receivables is managed by having payment terms of 30 days.

Concentration of Risk

The Guild minimises concentrations of credit risk in relation to trade and other receivables by undertaking transactions mainly with its members. However, all of the Guild's cash is held with one financial institution. Management considers the chance the National Australia Bank defaulting on any obligation to the Branch to be minimal.



**Notes to the Financial Statements
For the Year Ended 30 June 2011**

Note 12: Financial risk management objectives and policies (continued)

(b) Liquidity risk

The exposure to liquidity risk is based on the notion that the Guild will encounter difficulty in meeting its obligations associated with the financial liabilities. The Guild's exposure to liquidity risk relates primarily to trade creditors. The Guild has no borrowing.

The following table illustrates the exposure and maturities for financial assets and financial liabilities:

2011

	No later than one month 2011 \$'000	31 to 60 days 2011 \$'000	61 to 90 days 2011 \$'000	>90 days 2011 \$'000	Total 2011 \$'000
Financial Assets					
Cash and cash equivalents	135,229	-	-	-	135,229
Trade and other receivables	77,896	713	20,625	-	99,234
	<u>213,125</u>	<u>713</u>	<u>20,625</u>	<u>-</u>	<u>234,463</u>
Financial Liabilities					
Trade and other payables	10,079	-	-	-	10,079
Net Maturity	203,046	713	20,625	-	224,384

2010

	No later than one month 2010 \$'000	31 to 60 days 2010 \$'000	61 to 90 days 2010 \$'000	>90 days 2010 \$'000	Total 2010 \$'000
Financial Assets					
Cash and cash equivalents	151,630	-	-	-	151,630
Trade and other receivables	83,406	185	4,560	932	89,083
	<u>235,036</u>	<u>185</u>	<u>4,560</u>	<u>932</u>	<u>240,713</u>
Financial Liabilities					
Trade and other payables	89,783	-	9,019	-	98,802
Net Maturity	145,253	185	(4,459)	932	141,911

Fair Value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.



**Notes to the Financial Statements
For the Year Ended 30 June 2011**

Note 12: Financial risk management objectives and policies (continued)

(c) Interest rate risk

The Guild's exposure to market risk pertains to interest rate risk. Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Guild's interest rate risk relates primarily to its cash deposits with financial institutions which are subject to variable interest rates.

The Guild has no debt obligations exposed to interest rate risk.

At balance date, the Guild had the following mix of financial assets exposed to Australian variable interest rate risk.

	2011	2010
	\$	\$
Financial Assets		
Cash and cash equivalents	135,229	151,630

At balance date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net surplus from operations and equity would have been effected as follows:

Judgements of reasonably possible movements:	Net Surplus Higher/(Lower)		Equity Higher/(Lower)	
	2011	2010	2011	2010
Domestic interest rates	\$	\$	\$	\$
+0.5% (50 basis points)	662	758	662	758
-0.5% (50 basis points)	(662)	(758)	(662)	(758)

(d) Capital Management

When managing capital, the committee's objective is to ensure the Guild continues as a going concern. The capital needs of the Branch are determined annually by the committee through the budgeting process.

Note 13: Contingencies

There was no material contingency at year end.



**Notes to the Financial Statements
For the Year Ended 30 June 2011**

Note 14: Related Party Disclosures and Branch Committee Members

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

Amanda Galbraith	Branch President
Kenneth Cox	Branch Vice President
Patrick Reid	
Patrick White	
Vincent Tran	
Honor Combley	(resigned 1 June 2011)
Li Meng Wong	(resigned 1 July 2010)

The Branch Committee members were reimbursed for attendances as a representative of the ACT Branch at conferences and meetings amounting to \$3,075 (2010: \$6,233) during the year.

Transactions with Other Related Parties

Commission revenue of \$79,004 (2010: \$73,063) and other income of \$806 (2010: \$18,291) was received or receivable at 30 June 2011 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 includes the following:

- Branch support amounting to \$207,000 (2010: \$210,000) for Branch subsidy;
- Subsidies amounting to \$94,865 (2010: \$124,482) for items including charges against the Quality Care Pharmacy Program \$88,000 (2010: \$78,537), the Medication Management Review Facilitator Program \$- (2010: \$27,441), the Quality Use of Medicines Maximised for Aboriginal and Torres Strait Islander People Program \$6,265 (2010: \$10,950), the Pandemic Influenza Preparedness Program \$- (2010: \$6,875), the Practice Change Program \$- (2010: \$679) and the Hepatitis C Program \$600 (2010: \$-); and
- Consulting re the Pharmacy Practice Incentives Program \$22,500 (2010: \$-).

Trade and other debtors as at 30 June 2011 include the following:

- Funding and reimbursements receivable from the National Secretariat amounting to \$83,005.

The ACT Branch paid \$72,919 (2010: \$67,681) for national dues to the National Secretariat of The Pharmacy Guild of Australia.



**Notes to the Financial Statements
For the Year Ended 30 June 2011**

Note 14: Related Party Disclosures and Branch Committee Members (continued)

Other expenses paid to the National Secretariat include the following:

- General and administration expenses of \$18,849 (2010: \$15,405)

Expenses paid to Gold Cross Products and Services Pty Limited include the following:

- Rent of \$37,085 (2010: \$3,080);
- Telephone and communication expenses of \$2,673 (2010: \$1,197); and
- General and administration expenses of \$3,639 (2010: \$518)

Trade creditors as at 30 June 2011, include the following:

- General office expenses due to the National Secretariat amounting to \$2,600; and
- General office expenses due to Gold Cross Products and Services Pty Limited amounting to \$253.

Note 15: Auditors' Remuneration

	<i>2011</i>	<i>2010</i>
	\$	\$
Auditors' remuneration		
Audit fees	6,180	6,915
Grant acquittals	-	1,030
	<u>6,180</u>	<u>7,945</u>

Note 16: Operating lease commitments – as lessee

The Guild has entered into sub-lease agreement of its office premises with its related company, Gold Cross Products and Services Pty Limited. The agreement is for an initial period of 6 years from 1 June 2010. The future minimum rentals payable under this lease at year end date are as follows:

Within one year	34,395
After one year but not more than five years	148,422
After more than five years	-
Total minimum lease payments	<u>182,816</u>