

18 October 2016



Ms Margaret Beerworth
Branch Director, Australian Capital Territory Branch
Pharmacy Guild of Australia

Sent by email: guild.act@guild.org.au

Dear Ms Beerworth

Re: Lodgement of financial accounts and statements – Pharmacy Guild of Australia, Australian Capital Territory Branch - year ended 30 June 2016 (FR2016/277)

I refer to the financial report for the year ended 30 June 2016 for the Pharmacy Guild of Australia, Australian Capital Territory Branch, lodged on 13 October 2016.

The financial report has been filed. The financial report was filed based on a primary review. This involved examining whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and Reporting Guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note the financial report for the year ending 30 June 2017 may be subject to an advanced compliance review.¹

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it assists in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).²

If you require further information on the financial reporting requirements of the Act, I may be contacted by email at stephen.kellett@fwc.gov.au.

Yours sincerely



Stephen Kellett
Regulatory Compliance Branch

¹ A copy of the checklist used in an advanced compliance review is available at <https://www.fwc.gov.au/documents/documents/organisations/factsheets/org-financial-report-checklist-advanced.pdf>

² <https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting>



**The Pharmacy Guild of Australia ACT Branch
s.268 of *Fair Work (Registered Organisations) Act 2009*
Designated Officer's Certificate
Certificate for the period ended 30 June 2016**

I Amanda Galbraith being the President of The Pharmacy Guild of Australia ACT Branch certify:

- that the documents lodged herewith are copies of the full report for The Pharmacy Guild of Australia ACT Branch for the period ended 30 June 2016 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was made available to members of the reporting unit on 19 September 2016; and
- that the full report was presented to a general meeting of members of the reporting unit on 12 October 2016 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Amanda Galbraith
President
12 October 2016

ACT Branch



The Pharmacy
Guild of Australia
ACT Branch

The Pharmacy Guild of Australia ACT Branch

Financial Report For the Year Ended 30 June 2016

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Operating Report

I, Robert Turner, being the designated officer responsible for preparing this report for the financial year ended 30 June 2016 of the Pharmacy Guild of Australia ACT Branch, "the 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 the Quality Care Pharmacy Program (QCPP) and Customer Experience Index (CEI). Funding for QCPP and CEI will continue to 30 June 2017.

(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 \$220,000 (2015: \$220,000) has been provided during 2015/2016. 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:
 - Robert Turner, director of Horton Street Chemco Pty Ltd. Horton Street Chemco Pty Ltd acts as trustee of the Black Sunflower 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 2016, to which this report relates, the number of members of the organisation was 62 (including 2 members who are also Honorary Life Members). Other Honorary Life Members and Associates totalled 8.
- (ii) As at 30 June 2016 the total number of employees employed by the reporting entity was 6.
- (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
Simon Blacker	Senior Branch Vice-President
Robert Turner	Branch Vice-President - Finance
Elise Apolloni	
Christopher Lawler	
Patrick Reid	(resigned 1 December 2015)
Catherine Rice	

(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.

Robert Turner
ACT Branch Vice President - Finance
16 September 2016



Committee of Management's Certificate

I, Robert Turner, 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 16 September 2016 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 2016:

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 the Fair Work Commission;
- (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 2016;
- (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* and the *Fair Work (Registered Organisations) Regulations 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 the Fair Work Commission 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 the Fair Work Commission under section 273 of the *Fair Work (Registered Organisations) Act 2009*.
- (f) no revenue was derived from undertaking recovery of wages activity for the financial year ended 30 June 2016.

Robert Turner
ACT Branch Vice President – Finance
Canberra, 16 September 2016

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 ACT Branch"), which comprises the balance sheet as at 30 June 2016, 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, operating report, and the committee of management's certificate.

Committee of Management's Responsibility for the Financial Report

The Committee of Management of the ACT Branch 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 Committee of Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on 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 ACT Branch'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 ACT Branch's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 ACT Branch as of 30 June 2016, 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*;
- (b) the financial report also complies with the requirements imposed by the Fair Work Reporting Guidelines; and
- (c) the Committee of Management's use of the going concern basis of accounting in the preparation of ACT Branch's financial statements is appropriate.



Ernst & Young

Ernst & Young

A handwritten signature in blue ink, appearing to read 'A Ewan', with a stylized flourish at the end.

Anthony Ewan
Canberra
16 September 2016

Registered Auditor with ASIC No: 471861
Chartered Accountants Australia and New Zealand
Membership number: 228983



**Statement of Comprehensive Income
For the Year Ended 30 June 2016**

	<i>Note</i>	2016 \$	2015 \$
REVENUE			
Revenue	5	603,790	655,467
Other Income	5	7,000	-
Grants from the ACT Government		73,250	64,750
EXPENSES			
Remuneration and employee benefits expense	6(a),6(b),6(c)	(401,531)	(407,858)
Depreciation expense		(1,813)	(3,615)
Grants or donations	6(d)	-	-
Legal costs	6(e)	-	-
Other expenses	6(f)	<u>(255,301)</u>	<u>(296,079)</u>
SURPLUS BEFORE INCOME TAX EXPENSE		<u>25,395</u>	<u>12,665</u>
INCOME TAX EXPENSE	2(d)	<u>-</u>	<u>-</u>
SURPLUS AFTER INCOME TAX		<u>25,395</u>	<u>12,665</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE MEMBERS OF THE PHARMACY GUILD OF AUSTRALIA ACT BRANCH		<u>25,395</u>	<u>12,665</u>

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



**Balance Sheet
As at 30 June 2016**

	<i>Note</i>	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	7(a)	338,994	273,057
Trade and other receivables	8	46,945	43,791
Prepayments		10,430	10,675
Inventories		<u>1,774</u>	<u>2,340</u>
TOTAL CURRENT ASSETS		<u>398,143</u>	<u>329,863</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	<u>5,965</u>	<u>6,766</u>
TOTAL NON-CURRENT ASSETS		<u>5,965</u>	<u>6,766</u>
TOTAL ASSETS		<u>404,108</u>	<u>336,629</u>
CURRENT LIABILITIES			
Trade and other payables	10	62,715	55,419
Employee provisions	11	76,240	32,926
Other provisions	12	7,449	10,212
Revenue received in advance		<u>69,672</u>	<u>40,296</u>
TOTAL CURRENT LIABILITIES		<u>216,076</u>	<u>138,853</u>
NON-CURRENT LIABILITIES			
Employee provisions	13(a)	-	35,139
Other provisions	13(b)	<u>-</u>	<u>-</u>
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>35,139</u>
TOTAL LIABILITIES		<u>216,076</u>	<u>173,992</u>
NET ASSETS		<u>188,032</u>	<u>162,637</u>
EQUITY			
Equity attributable to the members of The Pharmacy Guild of Australia ACT Branch			
Accumulated funds		<u>188,032</u>	<u>162,637</u>
TOTAL EQUITY		<u>188,032</u>	<u>162,637</u>

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



**Statement of Cash Flows
For the Year Ended 30 June 2016**

	<i>Note</i>	2016 \$	2015 \$
OPERATING ACTIVITIES			
Receipts from customers		684,442	684,260
Other income received		88,275	71,225
Payments to suppliers and employees		(711,176)	(753,950)
Interest received		<u>5,408</u>	<u>5,681</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	7(b)	<u>66,949</u>	<u>7,216</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		<u>(1,012)</u>	<u>(31)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(1,012)</u>	<u>(31)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		65,937	7,185
Cash and cash equivalents at beginning of the year		<u>273,057</u>	<u>265,872</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	7(a)	<u><u>338,994</u></u>	<u><u>273,057</u></u>

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



**Statement of Changes in Equity
For the Year Ended 30 June 2016**

	<i>Accumulated Funds</i> \$	<i>Total Equity</i> \$
At 30 June 2014	149,972	149,972
Surplus for the year	12,665	12,665
Other comprehensive income	-	-
	<hr/>	<hr/>
At 30 June 2015	162,637	162,637
Surplus for the year	25,395	25,395
Other comprehensive income	-	-
	<hr/>	<hr/>
At 30 June 2016	<u>188,032</u>	<u>188,032</u>

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



Notes to the Financial Statements For the Year Ended 30 June 2016

Note 1: Organisational Information

The financial report of The Pharmacy Guild of Australia ACT Branch (the ACT Branch) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution passed by the Branch Committee on 28 August 2016. 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 ACT Branch are described in the Operating Report.

The financial report is prepared on the basis that the ACT Branch is a not-for-profit entity.

In accordance with National Council's decision to provide support to the ACT Branch, subsidy funding totalling \$220,000 (2015: \$220,000) has been provided during 2015-16. National Council has made an ongoing commitment to support the ACT Branch based on approved budgets.

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.

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

New Accounting Standards and Interpretations

In the current period, the ACT Branch 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 ACT Branch'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 ACT Branch.



Notes to the Financial Statements For the Year Ended 30 June 2016

Note 2: Summary of Significant Accounting Policies (continued)

(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 Statement of Cash Flows, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(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 ACT Branch 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 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.



Notes to the Financial Statements For the Year Ended 30 June 2016

Note 2: Summary of Significant Accounting Policies (continued)

(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.

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 ACT Branch 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 2016

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:	2016	2015
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 ACT Branch 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 cash flows.

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

(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 ACT Branch prior to the end of the financial year that are unpaid and arise when the ACT Branch 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.



Notes to the Financial Statements For the Year Ended 30 June 2016

Note 2: Summary of Significant Accounting Policies (continued)

(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 ACT Branch 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 Understanding 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.

Sponsorship income

Sponsorship income is recognised at its fair value where there is reasonable assurance that the sponsorship income will be received and all attaching conditions will be complied with.

Government grants

When Government grants are received whereby the ACT Branch incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant income is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.



Notes to the Financial Statements For the Year Ended 30 June 2016

Note 2: Summary of Significant Accounting Policies (continued)

(j) Operating lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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.

Note 3: Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the results of which form the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(a) Make good provisions

A provision has been made for the present value of anticipated costs of future restoration of leased premises. The provision includes future cost estimates of restoring the premise to its original state. Uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised is periodically reviewed and based on the facts and circumstances at that time.

(b) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.



Notes to the Financial Statements For the Year Ended 30 June 2016

Note 3: Critical accounting judgements and key sources of estimation uncertainty (continued)

(c) Long Service leave provisions

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4: 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 2016**

Note 5: Revenue

	2016	2015
	\$	\$
Revenue		
Subsidy – National Secretariat	220,000	220,000
Membership subscriptions	127,731	170,341
Capitation fees	-	-
Commissions	60,971	61,918
Donations	-	-
Events – Annual Dinner – Registrations	3,845	3,209
Events – Annual Dinner – Sponsorship	10,091	10,091
Events – PA Professional Development Day – Registrations	4,868	6,468
Events – PA Professional Development Day – Sponsorship	8,182	11,000
Events – Pharmacist Forums – Registrations	1,314	3,164
Interest income	5,408	5,681
Levies	-	-
Merchandising	19,871	20,676
Professional services	136,773	126,900
Projects	4,736	15,786
Other	-	233
Total revenue	<u>603,790</u>	<u>655,467</u>
Other income		
Other Income – Pharmacy Guild of Australia Victoria Branch	<u>7,000</u>	<u>-</u>
Total other income	<u>7,000</u>	<u>-</u>



**Notes to the Financial Statements
For the Year Ended 30 June 2016**

Note 6: Expenses	2016	2015
	\$	\$
(a) Employment benefits paid to holders of office		
Wages and salaries	29,336	27,646
Superannuation	2,758	2,614
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>32,094</u>	<u>30,260</u>
(b) Employment benefits paid to key management personnel		
Wages and salaries	126,109	128,289
Superannuation	16,899	16,755
Leave and other entitlements	16,822	20,188
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>159,830</u>	<u>165,232</u>
(c) Employment benefits paid to other than office holders and key management personnel		
Wages and salaries	159,527	160,050
Superannuation	20,518	20,765
Leave and other entitlements	24,876	26,907
Separation and redundancies	-	-
Other employee expenses	4,686	4,644
	<u>209,607</u>	<u>212,366</u>
Total remuneration and employee expenses	<u>401,531</u>	<u>407,858</u>
(d) Grants or donations		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
	<u>-</u>	<u>-</u>
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
	<u>-</u>	<u>-</u>
Total grants or donations	<u>-</u>	<u>-</u>



Notes to the Financial Statements
For the Year Ended 30 June 2016

Note 6: Expenses (continued)

	2016	2015
	\$	\$
(e) Legal costs		
Litigation	-	-
Other legal matters	-	-
	<hr/>	<hr/>
Total legal costs	<hr/>	<hr/>
(f) Other expenses		
Affiliation fees	-	-
Capitation fees	-	-
Conference and meeting expenses	7,251	5,990
Conference and meeting attendance fees/allowances *	4,670	1,696
Consideration to employers for payroll deductions	-	-
Events – Annual Dinner	8,109	8,777
Events – PA Professional Development Day	12,105	10,057
Events – Pharmacist Forums	1,801	2,804
Financial Governance Training for Office Holders	-	4,252
General administration	14,680	15,778
Insurance	11,659	14,169
Membership fees – organisations	2,090	4,437
Membership subscriptions (paid to National Secretariat)	56,024	98,531
Merchandising	10,453	9,470
Payroll tax	25,813	25,923
Penalties – via RO Act or RO Regulations	-	-
Printing and stationery	3,584	3,171
Rental expense	39,387	38,898
Resources	31,855	26,710
Remuneration to auditors	9,270	8,961
Telephone and communication	16,550	16,455
	<hr/>	<hr/>
Total other expenses	<hr/>	<hr/>

* refer to Note 17 for amounts reimbursed to branch committee members



Notes to the Financial Statements
For the Year Ended 30 June 2016

Note 7: Cash and cash equivalents

	2016	2015
	\$	\$
(a) Reconciliation of cash		
Cash on hand	1,834	60
Cash at bank	337,160	272,997
	<u>338,994</u>	<u>273,057</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.

	2016	2015
	\$	\$
(b) Reconciliation of operating surplus after tax to the net cash flows from operations		
Operating surplus	25,395	12,665
<i>Non cash items</i>		
Depreciation	1,813	3,615
Changes in assets and liabilities		
(Increase) / decrease in trade and other receivables	(3,154)	40,079
Decrease in prepayments	245	7,935
Decrease in inventories	566	121
Increase in trade and other payables	7,296	197
Increase in current employee provisions	43,314	13,781
(Decrease) / Increase in provisions	(2,763)	10,212
Increase / (decrease) in revenue received in advance	29,376	(70,584)
(Decrease) / Increase in non-current employee provisions	(35,139)	1,003
Decrease in non-current provisions	-	(11,808)
Net cash flows from operating activities	<u>66,949</u>	<u>7,216</u>



Notes to the Financial Statements For the Year Ended 30 June 2016

Note 8: Trade and other receivables	2016	2015
	\$	\$
Trade receivables	44,512	41,946
Accrued revenue	<u>2,433</u>	<u>1,845</u>
Total trade and other receivables	<u>46,945</u>	<u>43,791</u>

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

As at 30 June 2016, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 Days PDNI*	31-60 days CI*	61-90 days PDNI*	61-90 days CI*	+ 91 days PDNI*	+ 91 days CI*
2016	44,512	38,648	5,864	-	-	-	-	-
2015	41,946	41,946	-	-	-	-	-	-

* Past due not impaired (PDNI)

Considered impaired (CI)

Receivables past due but not considered impaired are \$5,864 (2015: \$-).

Note 9: Property, plant and equipment	2016	2015
	\$	\$
Office equipment - at cost	1,012	5,262
Provision for depreciation	<u>-</u>	<u>(5,262)</u>
	<u>1,012</u>	<u>-</u>
Furniture & Fittings - at cost	15,227	16,247
Provision for depreciation	<u>(10,274)</u>	<u>(9,481)</u>
	<u>4,953</u>	<u>6,766</u>
Total carrying amount	<u>5,965</u>	<u>6,766</u>

Reconciliation of movements

Property, plant and equipment

Carrying amount at beginning	6,766	10,350
Additions	1,012	31
Depreciation expense	<u>(1,813)</u>	<u>(3,615)</u>
Carrying amount at year end	<u>5,965</u>	<u>6,766</u>



**Notes to the Financial Statements
For the Year Ended 30 June 2016**

Note 10: Trade and other payables	2016	2015
	\$	\$
Accrued expenses	10,713	9,040
Consideration to employers for payroll deductions	-	-
GST payable	18,883	17,725
Legal costs	-	-
PAYG payable	6,114	6,910
Trade payables	14,442	14,394
Salaries payable – holders of office	675	370
Salaries payable – key management personnel	3,142	1,885
Salaries payable – employees other than holders of office and key management personnel	3,807	1,931
Superannuation payable – holders of office	220	201
Superannuation payable – key management personnel	1,266	1,329
Superannuation payable – employees other than holders of office and key management personnel	3,453	1,634
	<u>62,715</u>	<u>55,419</u>

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

Note 11: Employee Provisions	2016	2015
	\$	\$
(a) Office holders		
Annual leave	-	-
Long service leave	-	-
Separation and redundancies	-	-
Other	-	-
	<u>-</u>	<u>-</u>
(b) Key management personnel		
Annual leave	1,658	7,038
Long service leave	25,099	-
Separation and redundancies	-	-
Other	-	-
	<u>26,757</u>	<u>7,038</u>
(b) Employees other than holders of office and key management personnel		
Annual leave	10,439	10,952
Long service leave	39,044	14,936
Separation and redundancies	-	-
Other	-	-
	<u>49,483</u>	<u>25,888</u>
Total employee provisions	<u>76,240</u>	<u>32,926</u>



Notes to the Financial Statements
For the Year Ended 30 June 2016

Note 12: Other provisions	2016	2015
	\$	\$
Lease provision 13(d)(ii)	-	3,358
Make good 13(d)(iii)	7,449	6,854
	<u>7,449</u>	<u>10,212</u>

Note 13: Non-current liabilities – provisions	2016	2015
	\$	\$
(a) Employee provisions		
Long service leave (d)(i) - office holders	-	-
Long service leave (d)(i) – key management personnel	-	18,873
Long service leave (d)(i) - employees other than holders of office and key management personnel	-	16,266
	<u>-</u>	<u>35,139</u>
(b) Other provisions		
Lease provision (d)(ii)	-	-
Make good (d)(iii)	-	-
	<u>-</u>	<u>-</u>

(c) Movements in provisions

	Lease provision	Make good	Total
	\$	\$	\$
At 30 June 2015	3,358	6,854	10,212
Unwinding and discount rate adjustment	(3,358)	595	(2,763)
At 30 June 2016	<u>-</u>	<u>7,449</u>	<u>7,449</u>
Current 2015	3,358	6,854	10,212
Non-current 2015	<u>-</u>	<u>-</u>	<u>-</u>
	3,358	6,854	10,212
Current 2016	-	7,449	7,449
Non-current 2016	<u>-</u>	<u>-</u>	<u>-</u>
	-	7,449	7,449

(d) 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 2016

Note 13: Non-current liabilities – provisions (continued)

(d) 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 lease agreement with Gold Cross Products & Services Pty Limited, the ACT Branch must restore the leased premises in Canberra to its original condition at the end of the lease term in 2016.

A provision of \$6,854 was reported during the year ended 30 June 2015 in respect of the ACT Branch'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 2016 the ACT Branch provided a further \$595 (2015: \$655) for this purpose.

Note 14: Events after the balance sheet date

There have been no significant events that have occurred subsequent to 30 June 2016.

Note 15: Financial risk management objectives and policies

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

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



Notes to the Financial Statements For the Year Ended 30 June 2016

Note 15: Financial risk management objectives and policies (continued)

The ACT Branch 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 ACT Branch 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 ACT Branch comprising cash and cash equivalents and trade and other receivables. The ACT Branch'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 ACT Branch'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	
	2016 \$	2015 \$
Cash and cash equivalents	337,160	272,997
Trade and other receivables	46,945	43,791

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

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

In addition, trade and other receivable balances are monitored on an ongoing basis with the result that the ACT Branch'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 ACT Branch minimises concentrations of credit risk in relation to trade and other receivables by undertaking transactions mainly with its members. However, all of the ACT Branch's cash is held with one financial institution. Management considers the chance the National Australia Bank defaulting on any obligation to the ACT Branch to be minimal.



Notes to the Financial Statements For the Year Ended 30 June 2016

Note 15: Financial risk management objectives and policies (continued)

(b) Liquidity risk

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

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

2016	No later than one month 2016	31 to 60 days 2016	61 to 90 days 2016	>90 days 2016	Total 2016
Financial Assets					
Cash and cash equivalents	338,994	-	-	-	338,994
Trade and other receivables	38,648	5,864	-	-	44,512
	377,642	5,864	-	-	383,506
Financial Liabilities					
Trade and other payables	14,442	-	-	-	14,442
Net Maturity	14,442	-	-	-	14,442
2015					
	No later than one month 2015	31 to 60 days 2015	61 to 90 days 2015	>90 days 2015	Total 2015
Financial Assets					
Cash and cash equivalents	273,057	-	-	-	273,057
Trade and other receivables	41,946	-	-	-	41,946
	315,003	-	-	-	315,003
Financial Liabilities					
Trade and other payables	14,394	-	-	-	14,394
Net Maturity	300,609	-	-	-	300,609

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 2016

Note 15: Financial risk management objectives and policies (continued)

(c) Interest rate risk

The ACT Branch'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 ACT Branch's interest rate risk relates primarily to its cash deposits with financial institutions which are subject to variable interest rates.

The ACT Branch has no debt obligations exposed to interest rate risk.

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

	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	338,994	273,057

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)	
	2016	2015	2016	2015
Domestic interest rates	\$	\$	\$	\$
+0.5% (50 basis points)	1,686	1,365	1,686	1,365
-0.5% (50 basis points)	(1,686)	(1,365)	(1,686)	(1,365)

(d) Capital Management

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

Note 16: Contingencies

There was no material contingency at year end.



Notes to the Financial Statements For the Year Ended 30 June 2016

Note 17: 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
Simon Blacker	Senior Branch Vice President
Robert Turner	Branch Vice President - Finance
Elise Apolloni	
Christopher Lawler	
Patrick Reid	(resigned 1 December 2015)
Catherine Rice	

The Branch Committee members were reimbursed/paid for attendances as a representative of the ACT Branch at conferences and meetings amounting to \$4,670 (2015: \$1,696) during the year.

Transactions with Other Related Parties

Commission revenue of \$60,971 (2015: \$61,918), Sponsorship income \$8,727 (2015: \$8,273), Training income of \$4,000 (2015: \$4,250) and Other income of \$7,000 (2015: \$nil) was received or receivable at 30 June 2016 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 \$220,000 (2015: \$220,000) for Branch subsidy; and
- Subsidies amounting to \$136,773 (2015: \$135,400) for charges against the Quality Care Pharmacy Program \$125,145 (2015: \$126,900), Customer Experience Index \$11,628 (2015: \$nil) and \$nil (2015: \$8,500) for Member Services delivery.

Trade and other debtors as at 30 June 2016 include the following:

- Funding and reimbursements receivable from the National Secretariat amounting to \$35,859 (2015: \$35,750);
- Funding and reimbursements receivable from Guild Insurance Limited to \$2,357 (2015: \$2,756);
- Funding and reimbursements receivable from Gold Cross Products and Services Pty Limited amounting to \$nil (2015: \$97); and
- Funding and reimbursements receivable from the Pharmacy Guild New South Wales Branch amounting to \$nil (2015: \$1,544).

The ACT Branch paid \$56,024 (2015: \$98,531) for national dues to the National Secretariat of The Pharmacy Guild of Australia.



Notes to the Financial Statements For the Year Ended 30 June 2016

Note 17: Related Party Disclosures and Branch Committee Members (continued)

Cash receipts (inclusive of GST) include the following:

- National Secretariat \$394,894 (2015: \$420,100);
- Guild Insurance \$54,887 (2015: \$64,151);
- Pharmacy Guild New South Wales Branch \$15,758 (2015: \$13,965);
- Pharmacy Guild Victorian Branch \$7,000 (2015: \$nil);
- Pharmacy Guild Queensland Branch \$5,633 (2015 \$5,671);
- Gold Cross Products and Services Pty Limited \$2,842 (2015: \$3,020);
- GuildLink Pty Ltd \$2,200 (2015: \$2,200);
- Fred IT Group \$2,200 (2015 \$2,200); and
- Guild Super \$500 (2015: \$nil)

Other expenses paid to the National Secretariat include the following:

- Telephone and communication expenses of \$14,277 (2015: \$14,063); and
- General and administration expenses of \$5,434 (2015: \$3,829)

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

- Rent of \$44,970 (2015: \$43,384);
- Telephone and communication expenses of \$1,073 (2015: \$1,156); and
- General and administration expenses of \$5,694 (2015: \$4,286)

Expenses paid to GuildLink Pty Ltd include the following:

- Project expenses of \$7,500 (2015: \$-)

Trade creditors as at 30 June 2016, include the following:

- General office expenses due to the National Secretariat amounting to \$3,115 (2015: \$3,297);
- General office expenses due to Gold Cross Products and Services Pty Limited amounting to \$4,532 (2015: \$4,956);
- Project expenses due to GuildLink Pty Ltd amounting to \$6,600 (2015: \$nil); and
- Insurance expenses due to Guild Insurance Limited amounting to \$nil (2015: \$3,261).



Notes to the Financial Statements For the Year Ended 30 June 2016

Note 17: Related Party Disclosures and Branch Committee Members (continued)

Cash payments (inclusive of GST) include the following:

- National Secretariat \$108,653 (2015: \$157,119);
- Gold Cross Products and Services Pty Limited \$57,299 (2015: \$53,240);
- Guild Insurance \$15,565 (2015: \$12,894);
- Guild Super \$nil (2015: \$3,047)
- Pharmacy Guild South Australian Branch \$nil (2015: \$1,405); and
- GuildLink Pty Ltd \$1,650 (\$nil)

Note 18: Key Management Personnel Remuneration

	2016	2015
	\$	\$
(a) Short-term employment benefits		
Salary (including annual leave taken)	142,931	148,477
Annual leave accrued	1,658	7,038
Performance bonus	-	-
	<u>144,589</u>	<u>155,515</u>
(b) Post - employment benefits		
Superannuation	<u>16,899</u>	<u>16,755</u>
	16,899	16,755
(c) Other long-term benefits		
Long-service leave accrued	<u>25,099</u>	<u>18,873</u>
	25,099	18,873
(d) Termination benefits	<u>-</u>	<u>-</u>
	-	-
Total	<u><u>186,587</u></u>	<u><u>191,143</u></u>

Note 19: Auditors' Remuneration

	2016	2015
	\$	\$
Auditors' remuneration		
Audit fees	7,210	6,901
Grant acquittals	<u>2,060</u>	<u>2,060</u>
	<u><u>9,270</u></u>	<u><u>8,961</u></u>



**Notes to the Financial Statements
For the Year Ended 30 June 2016**

Note 20: Operating lease commitments – as lessee

The sub-lease agreement of its office premises with its related company, Gold Cross Products and Services Pty Limited expired on 30 May 2016. A new lease is currently being negotiated. In the interim period, the rental is being paid on a month-by-month basis. The future minimum rentals payable under this lease at year end date are as follows:

Within one year	-	36,761
After one year but not more than five years	-	-
After more than five years	-	-
Total minimum lease payments	<u>-</u>	<u>36,761</u>