



20 November 2013

Mr Silas Banks  
Branch President  
The Pharmacy Guild of Australia, New South Wales Branch  
84 Christie Street  
ST LEONARDS NSW 2065

Email: [guild.nsw@guild.org.au](mailto:guild.nsw@guild.org.au)

Dear Mr Banks

**The Pharmacy Guild of Australia New South Wales Branch Financial Report for the year ended 30 June 2012 - FR2012/276**

I acknowledge receipt of the financial report of The Pharmacy Guild of Australia, New South Wales Branch. The documents were lodged with Fair Work Australia on 27 October 2012.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged. I however make the following comments to assist you with the preparation of future financial reports.

Operating Report - Review of Principal Activities

Subsection 254(2)(a) of the RO Act requires an operating report to contain a review of the principal activities of the reporting unit, the results of those activities and any significant changes in the nature of those activities.

The operating report recites the Branch's activities but does not provide a review, in terms of explaining the results of these activities. Subsection 254(2) does not require a financial result to be provided but rather a description of the results of the reporting unit's activities to be provided in the report.

Please ensure that the operating report describes the results of the principal activities of the Branch in future financial years.

Related party information

Related party transactions are required to be disclosed under AASB 124(18) ('the Standard'). The Standard requires any related party transactions to be disclosed including the nature of the relationship, and information about the transaction and outstanding balances such that the Branch's members can understand the potential effect of the relationship and transactions on the financial statements.

For example, Note 5 'Trade and other Receivables' of the Branch financial report displays the 'National Secretariat and related party receivables' as \$267,902. Similarly, note 11 'Trade and other payables' presents the outstanding amount of the 'National Secretariat and Other Branches' as trade creditor as \$147,457. The Standard requires the components of these items to be displayed either on the face of the statements or in the notes to the Branch financial report.

Furthermore, Reporting Guidelines 13(d) and (e) require that items disclosed as a 'receivable or other right to receive cash' or a 'payable or other financial liability' must disclose the name of the

other reporting unit and the cost or value attributable to the other reporting unit. The presentation of the figures does not meet these requirements.

### **Changes to the legislation and reporting guidelines**

I note with the change of legislation, references to Fair Work Australia will need to be updated to the Fair Work Commission.

Additionally, a third edition to the General Manager's s.253 reporting guidelines was gazetted on 26 June 2013. These guidelines will apply to all financial reports that end on or after 30 June 2013. Fair Work Commission has also developed a model set of financial statement for the 2012-2013 financial year. There is no requirement to use this model but it may be a useful resource to ensure compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 reporting guidelines and the Australian Accounting Standards.

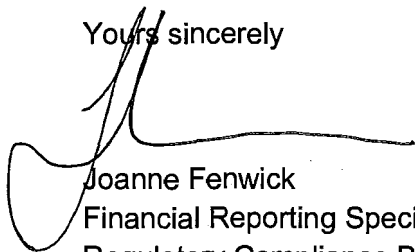
The guidelines and model financial statements are available on the website here:

<http://www.fwc.gov.au/index.cfm?pagename=regorgsfrguidelines#finance>

As you have already lodged your 2013 Financial Return, based on the contents of this letter, if you believe that some information may not have been included in this financial report, please send me any addition information and I will add it to your file.

If you have any queries regarding this letter, please contact me on (03) 8661 7886, or by email at [joanne.fenwick@fwc.gov.au](mailto:joanne.fenwick@fwc.gov.au).

Yours sincerely



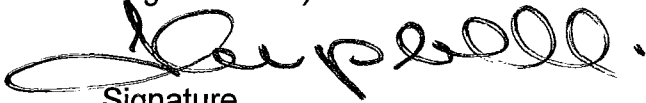
Joanne Fenwick  
Financial Reporting Specialist  
Regulatory Compliance Branch

**Designated Officer's Certificate**

s268 *Fair Work (Registered Organisations) Act 2009*

I, Ian Campbell, being the Secretary of The Pharmacy Guild of Australia (NSW Branch) 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 provided to members on 29 August 2012; and
- that the full report was presented to a general meeting of members of the reporting unit on 20 September 2012; in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.



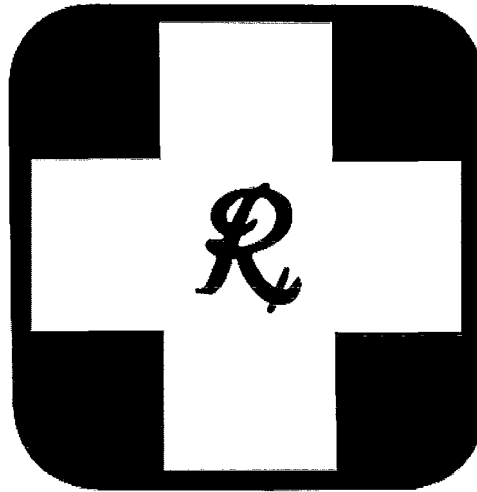
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29/9/12

Date:

**THE PHARMACY GUILD OF AUSTRALIA  
(NSW BRANCH)**

**ABN 87 740 877 429**



**FULL REPORT  
CONSISTING OF**

- ◆ **GENERAL PURPOSE FINANCIAL REPORT  
(FINANCIAL STATEMENTS)**
- ◆ **AUDITOR'S REPORT**
- ◆ **OPERATING REPORT**

**30 JUNE 2012**

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OPERATING REPORT  
FOR THE YEAR ENDED 30 JUNE 2012

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I, Silas Banks, being the designated officer responsible for preparing this report for the financial year ended 30 June 2012 of The Pharmacy Guild of Australia NSW Branch, report as follows:

(a) **Principal Activities:**

- (i) The Pharmacy Guild of Australia NSW Branch is an employers' organisation servicing the needs of proprietors of independent community pharmacies and representing their interests in industrial matters.
- (ii) The Pharmacy Guild of Australia NSW Branch assists the National Council and the National Executive of The Pharmacy Guild of Australia in carrying out the overall policy and objectives of the Guild.
- (iii) Included in the Annual Report are the various reports compiled by The Pharmacy Guild of Australia NSW Branch's President, Director and Officers outlining the activities for the year. There were no significant changes in the nature of these activities during the year under review.

(b) **Significant financial changes:**

There have been no significant changes during the period to which this report relates.

(c) **Members advice:**

- (i) Under Section 174 of the Fair Work (Registered Organisations) Act 2009, a member may resign from membership by written notice addressed and delivered to the Branch Director in accordance with Rule 36 of the Guild's Constitution.
- (ii) The register of members of the organisation was maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and
- (iii) Section 272 of the Fair Work (Registered Organisations) Act 2009 outlines members and the General Manager's rights to certain prescribed information.

(d) **Prescribed and other Information:**

- (i) As at 30 June 2012 the number of members was 1,270 including Honorary Life Members.
- (ii) As at 30 June 2012 the total number of employees employed by the reporting entity was 40.
- (iii) In accordance with Regulation 159(c) of the Fair Work (Registered Organisations) Regulations 2009 the following persons were members of the Branch Committee during the reporting period:
  - Silas Banks** - Chair for Executive & Branch Committees, Branch President & National Councillor
  - Mario Barone** - Branch Committee Member
  - John Black** - Branch Committee Member
  - Lillian Chen** - Branch Committee Member
  - Mark Douglass** - Branch Committee Member
  - Gregory Everett** - Branch Committee Member & Alternate National Councillor
  - Timothy Hewitt** - Branch Committee Member
  - Anthony Lawler** - Branch Committee Member
  - Denis Leahy** - Branch Vice President Finance, Executive Committee Member, Branch Committee Member & Alternate National Councillor
  - Binh Luu** - Branch Committee Member
  - Peter McBeath** - Branch Vice President, National Councillor, Executive Committee Member & Branch Committee Member
  - George Mendria** - Branch Committee Member
  - Rick Samimi** - Branch Committee Member
  - Paul Sinclair** - Branch Vice President, National Councillor, Executive Committee Member & Branch Committee Member
  - Michelle Spiro** - Branch Committee Member
  - Richard Walsh** - Branch Committee Member & Alternate National Councillor

OPERATING REPORT  
FOR THE YEAR ENDED 30 JUNE 2012

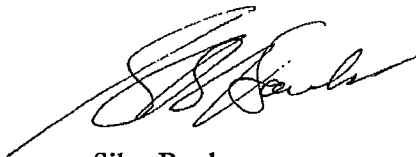
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(e) **Insurance of Officers:**

During the financial year, The Pharmacy Guild of Australia NSW Branch paid insurance to cover all officers of The Pharmacy Guild of Australia NSW Branch. The officers of The Pharmacy Guild of Australia NSW Branch covered by the insurance policy included all the Branch Committee and the Branch Director. Other officers insured are the management of The Pharmacy Guild of Australia NSW 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 NSW Branch.

(f) **Trustee of superannuation entity**

No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.



**Silas Banks**

22 August 2012

**STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 30 JUNE 2012**

<b>REVENUE</b>	<b>2012</b>	<b>2011*</b>
	<b>\$</b>	<b>Restated</b>
		<b>\$</b>
Advertising	87,245	73,909
Commission income	695,428	726,258
HMR Report Sales	55,230	53,050
Interest	278,417	279,267
Methadone incentive scheme funding	1,450,230	1,950,188
Needle & Syringe exchange funding	1,159,853	1,207,795
Pharmacy business services income	389,800	387,949
Promotional income	601,669	883,177
QCPP funding	501,723	468,500
QUMAX funding	215,230	189,001
Value of Community Pharmacy funding	71,546	-
5CPA funding	194,000	-
Pharmacy Health Checks funding	371,027	-
WorkCover Assist funding	100,124	-
Rent	187,498	182,218
Subscriptions	3,283,064	3,068,637
Temperature verification fees	228,500	346,911
Training services	793,584	808,928
Other revenue from ordinary activities	663,767	426,325
<b>Revenues from ordinary activities</b>	<b>11,327,935</b>	<b>11,052,113</b>
 <b>EXPENSES</b>		
<b>Depreciation</b>		
Buildings and leasehold improvements	36,000	43,500
Property, plant and equipment	99,291	109,049
Motor Vehicles	17,478	19,676
Intangibles	27,071	32,162
	<u>179,840</u>	<u>204,387</u>
 <b>Employee Benefit Expense</b>		
Contract wages paid to employee contractors	308,917	189,930
Fringe Benefits Tax	57,886	49,774
Leave provisions	142,014	(36,680)
Salaries and Allowances	2,544,093	2,285,305
Superannuation	343,783	379,301
Temporary staff	30,257	66,848
	<u>3,426,950</u>	<u>2,934,478</u>
 <b>Other Expenses</b>		
Administration services	136,259	94,671
Audit fees	55,159	46,896
Cleaning	32,765	33,630
Consultancy fees	114,275	288,241
Electricity	40,142	31,991
Furniture hire	120,015	105,426
Insurance	120,259	118,941
Legal fees	40,498	40,491
Maintenance	97,900	364,411
Methadone incentive payments	1,487,040	1,725,500
National council dues	1,802,245	1,666,629
Needle & syringe exchange contractor fees	176,199	215,847
Needle & syringe exchange payments	684,711	699,842
Payroll tax	146,952	137,585
Poisons schedule costs	36,361	59,038
Postage & courier costs	100,791	121,644
Printing & stationery	390,921	448,876
<b>Balance carried forward</b>	<b>5,582,492</b>	<b>6,199,659</b>



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2012 (Cont'd)**

	2012 \$	2011* Restated \$
<b>Other Expenses (Cont'd)</b>		
Balance brought forward	5,582,492	6,199,659
Telephone, fax & internet costs	152,718	170,607
Travel, motor vehicle & accommodation expenses	257,590	201,598
Venue hire	362,683	201,170
Other expenses from ordinary activities	<u>1,358,678</u>	<u>873,189</u>
	7,714,161	7,646,223
Total Expenditure	<u>11,320,951</u>	<u>10,785,088</u>
Net Surplus from ordinary activities	<u>6,984</u>	<u>267,025</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Net (loss) on revaluation of land and building	<u>(174,000)</u>	<u>(246,500)</u>
Other comprehensive income for the period	<u>(174,000)</u>	<u>(246,500)</u>
<b>Total comprehensive income for the period</b>	<u><b>(167,016)</b></u>	<u><b>20,525</b></u>

\* See Note 1(n) and Note 9

These statements should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE 2012

	Notes	2012 \$	2011* Restated \$	2010* Restated \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	4	2,893,892	1,519,798	3,705,872
Trade and other receivables	5	2,690,829	3,191,011	2,259,319
Inventories	6	20,491	14,789	9,679
Other assets	7	107,637	143,927	134,845
Financial assets	8	3,800,000	3,800,000	2,000,000
<b>TOTAL CURRENT ASSETS</b>		<b>9,512,849</b>	<b>8,669,525</b>	<b>8,109,715</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets	8	34	34	34
Property, plant and equipment	1(n) & 9	4,949,335	5,246,469	5,567,492
Intangible assets	10	22,170	29,909	60,255
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,971,539</b>	<b>5,276,412</b>	<b>5,627,781</b>
<b>TOTAL ASSETS</b>		<b>14,484,388</b>	<b>13,945,937</b>	<b>13,737,496</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	11	1,836,051	1,577,199	1,699,582
Short-term provisions	12	682,680	504,883	487,959
Other liabilities	13	3,855,986	3,546,089	3,199,110
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,374,717</b>	<b>5,628,171</b>	<b>5,386,651</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term provisions	12	15,205	56,284	109,888
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>15,205</b>	<b>56,284</b>	<b>109,888</b>
<b>TOTAL LIABILITIES</b>		<b>6,389,922</b>	<b>5,684,455</b>	<b>5,496,539</b>
<b>NET ASSETS</b>		<b>8,094,466</b>	<b>8,261,482</b>	<b>8,240,957</b>
<b>EQUITY</b>				
Reserves	14	626,987	800,987	1,119,487
Retained earnings		7,467,479	7,460,495	7,121,470
<b>TOTAL EQUITY</b>		<b>8,094,466</b>	<b>8,261,482</b>	<b>8,240,957</b>

\* See Note 1(n) and Note 9

These statements should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 30 JUNE 2012

	Note	Retained Earnings \$	Asset Revaluation Reserve \$	Asset Replacement Reserve \$	Total \$
Balance at 1 July 2010		6,781,746	10,913	72,000	6,864,659
Impact of change in accounting policy*	1(n)	339,724	1,036,574	-	1,376,298
<b>Restated balance 1 July 2010</b>		<b>7,121,470</b>	<b>1,047,487</b>	<b>72,000</b>	<b>8,240,957</b>
Profit for the year ended 30 June 2011		267,025	-	-	267,025
Revaluation decrement		-	(246,500)	-	(246,500)
Transfer asset replacement reserve		72,000	-	(72,000)	-
Total comprehensive income for the year		339,025	(246,500)	(72,000)	20,525
<b>Restated balance at 30 June 2011</b>		<b>7,460,495</b>	<b>800,987</b>	<b>-</b>	<b>8,261,482</b>
Profit for the year ended 30 June 2012		6,984	-	-	6,984
Revaluation decrement		-	(174,000)	-	(174,000)
Total comprehensive income for the year		6,984	(174,000)	-	(167,016)
<b>Balance at 30 June 2012</b>		<b>7,467,479</b>	<b>626,987</b>	<b>-</b>	<b>8,094,466</b>

\* See Note 1(n) and Note 9  
 These statements should be read in conjunction with the accompanying notes

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011* Restated \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		11,409,273	10,114,652
Receipts from National Secretariat and Other Branches		1,487,531	1,091,315
Payments to suppliers and employees		(9,875,261)	(10,057,830)
Payments to National Secretariat and Other Branches		(1,876,899)	(1,713,697)
Interest received		278,417	279,267
Net cash provided by / (used in) operating activities	19(b)	<u>1,423,061</u>	<u>(286,293)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(48,967)	(99,781)
Purchase of financial assets		<u>-</u>	<u>(1,800,000)</u>
Net cash used in investing activities		<u>(48,967)</u>	<u>(1,899,781)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		1,374,094	(2,186,074)
Cash and cash equivalents at the beginning of year		<u>1,519,798</u>	<u>3,705,872</u>
<b>Cash and cash equivalents at the end of year</b>	19(a)	<u><u>2,893,892</u></u>	<u><u>1,519,798</u></u>

\* See Note 1(n) and Note 9

These statements should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is for the entity Pharmacy Guild of Australia (NSW Branch) ("Guild") as an individual entity. The Branch is registered under the Fair Work (Registered Organisations) Act 2009. In accordance with the Act the Branch is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Branch is not subject to the Corporations Act.

**Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the disclosure requirements of the Fair Work (Registered Organisations) Act 2009 and Fair Work (Registered Organisations) Regulations 2009.

The Branch Committee of Management has determined that the Guild is permitted to apply the Tier 2 reporting requirements (Australian Accounting Standards – Reduced Disclosure Requirements) as set out in AASB 1053 Application of Tiers of Australian Accounting Standards because it is a not-for-profit private sector entity that does not have public accountability. As such, the Branch Committee of Management has early adopted AASB 2010-2 Amendments to Australian Accounting Standards Arising from Reduced Disclosure Requirements from 1 July 2010. AASB 2010-2 only mandatorily applies to annual reporting periods commencing on or after 1 July 2013. The early adoption of AASB 2010-2 has had no impact on amounts recognised in the financial report and related notes because it merely requires less disclosures for these general purpose financial report, which has been prepared using Australian Accounting Standards - Reduced Disclosure Requirements, than if these financial statements were prepared using Australian Accounting Standards.

The following is a summary of the material accounting policies adopted by the organisation in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

The accounting policies set out below have been consistently applied to all years presented.

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Accounting Policies**

**(a) Income Tax**

Under Section 50-15 of the Income Tax Assessment Act 1997, the income of Pharmacy Guild of Australia (NSW Branch) ("Guild") is exempt from income tax.

**(b) Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to individual items on a first-in first-out basis.

**(c) Property, Plant and Equipment**

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

Property, plant and equipment were measured on the cost basis less depreciation and impairment losses. During the year the Branch Committee approved a change in accounting policy with respect to the subsequent measurement of its land and building assets from the cost model to the fair value model, with effect from 1 July 2011. The subsequent measurement using the fair value model is to assist the National Secretariat in their consolidated reporting processes as they have adopted the fair value model. Revaluation entries were processed to the asset revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(c) Property, Plant and Equipment (cont)**

Works of art are re-valued every 3 years at fair value.

The carrying amount of property, plant and equipment is reviewed annually by the branch committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use, with value in use being determined as the written-down current cost (depreciated replacement cost) of the asset.

**Depreciation**

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Guild commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.50%
Plant and equipment	10-33%
Motor vehicles	20%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(d) Intangibles**

Software and implementation costs are treated as intangible assets.

**(e) Employee Benefits**

A provision is made for the Guild's liability for employee benefits arising from services rendered by employees and officers to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus any related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Guild to an employee superannuation fund and are charged as expenses when incurred.

Amounts accrued for long service leave benefits are calculated in accordance with The National Employment Standards, awards and negotiated agreements.

**(f) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(g) Revenue**

Revenue from the sale of goods is recognised upon the delivery of the goods to the customer.

Revenue from the rendering of a service is recognised upon the delivery of the service to customers.

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

**(h) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown exclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(i) Financial Assets**

*Recognition*

Financial assets are initially measured at cost on trade debt, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

*Held-to-maturity investments*

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

*Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**(j) Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

As not-for-profit, where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

**(k) Government Grants**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants are recognised as revenue subject to conditions being met.

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) **Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(m) **Critical Accounting Estimates and Judgments**

The Branch Committee evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events based on current trends and economic data, obtained both externally and within the group.

*Key estimates - Impairment*

The Branch Committee assesses impairment at each reporting date by evaluating conditions specific to the Guild that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

(n) **Change in Accounting Policy**

During the year the Branch Committee approved a change in the accounting policy with respect to the subsequent measurement of its land and building assets from the cost model to the fair value model, with effect from 1 July 2011. The subsequent measurement using the fair value model is to assist the National Secretariat in their consolidated reporting processes as they have adopted the fair value model. The Guild believes that subsequent measurement using the fair value model provides more relevant information for its members about the financial performance of these assets. The change in accounting policy was applied retrospectively in accordance with the requirements of AASB 108. The revaluation was credited to the asset revaluation reserve.

The following table summarises the transitional adjustments made to the Statement of Financial Position upon implementation of the new accounting policy.

	Land	Buildings	Total
Balance reported 1 July 2010	552,000	3,311,702	3,863,702
Effect of change to fair value method	2,948,000	(1,571,702)	1,376,298
Effect of change to fair value method on 1 July 2010	<u>3,500,000</u>	<u>1,740,000</u>	<u>5,240,000</u>
Balance as reported at 30 June 2011	552,000	3,202,539	3,754,539
Effect on profit or loss	-	65,663	65,663
Effect of change to fair value method on 1 July 2010	2,948,000	(1,818,202)	1,129,798
Restated balance as at 30 June 2011	<u>3,500,000</u>	<u>1,450,000</u>	<u>4,950,000</u>

The effect on the statement of comprehensive income is as follows:

	2011
Depreciation	(65,663)
Effect on profit or loss	<u>(65,663)</u>

(o) **Accounting Standards Issued But Not Yet Effective**

There have been no accounting standards issued which have a financial impact on the financial report in future periods and which are not yet effective.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**2. ORGANISATIONAL INFORMATION**

The financial report of The Pharmacy Guild of Australia (NSW Branch) for the year ended 30 June 2012 was authorized for issue in accordance with a resolution passed by the Committee of Management 22 August 2012.

The Pharmacy Guild of Australia is an organization registered under the Fair Work (Registered Organisations) Act 2009. The nature of the operations and principal activities of the Guild are described in the Operating Report.

The principal place of business of The Pharmacy Guild of Australia (NSW Branch) is 84 Christie Street, St Leonards, NSW 2065.

**3. KEY MANAGEMENT PERSONNEL COMPENSATION**

	Salary & Bonus \$	Superannuation \$	Non-Cash Benefits \$	Other \$	Long-term Benefits \$	Total \$
<b>2012</b>						
<b>Total</b>						
<b>Compensation</b>	1,113,405	189,655	19,460	67,563	-	1,390,083
<b>2011</b>						
<b>Total</b>						
<b>Compensation</b>	982,113	235,593	15,974	58,162	-	1,291,842

The number of people included as key management personnel is 13 (2011: 11).

	2012 \$	2011 \$
<b>4. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	2,893,892	1,519,798
	<u>2,893,892</u>	<u>1,519,798</u>

**5. TRADE AND OTHER RECEIVABLES**

**CURRENT**

Trade debtors

- National Secretariat and related party receivables

- Other debtors

Provision for doubtful debts

Sundry debtors

	267,902	213,573
	2,045,624	2,582,625
	<u>(10,899)</u>	<u>(764)</u>
	2,302,627	2,795,434
	<u>388,202</u>	<u>395,577</u>
	<u>2,690,829</u>	<u>3,191,011</u>

Current trade and term receivables are generally on 30 day terms except for branch membership subscriptions which members can elect to pay by installments in accordance within the Guild's Constitution. Membership subscriptions are not included as revenue until payments are actually received. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

**6. INVENTORIES**

Raw materials and stores

	<u>20,491</u>	<u>14,789</u>
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**7. OTHER CURRENT ASSETS**

Prepayments

	<u>107,637</u>	<u>143,927</u>
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NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2012

8. FINANCIAL ASSETS	2012	2011
	\$	\$
<b>CURRENT</b>		
Bank term deposits	<u>3,800,000</u>	<u>3,800,000</u>
There is a Bank Guarantee for \$420,000 f/o Australian Skills Quality Authority secured by the term deposit. This is to ensure compliance with protecting student fees.		
<b>NON-CURRENT</b>		
Shares in controlled entities – at cost	15	<u>34</u>
		<u>34</u>
	<b>2012</b>	<b>2011*</b>
	\$	Restated
		\$
		Restated
		\$
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold land, at fair value	<u>3,300,000</u>	<u>3,500,000</u>
	<u>3,300,000</u>	<u>3,500,000</u>
Buildings, at fair value	<u>1,440,000</u>	<u>1,450,000</u>
	<u>1,440,000</u>	<u>1,740,000</u>
		<u>1,740,000</u>
Total land and buildings	<u>4,740,000</u>	<u>4,950,000</u>
Plant and equipment, at cost	1,029,659	1,000,023
Accumulated depreciation	<u>(920,586)</u>	<u>(821,294)</u>
	<u>109,073</u>	<u>178,729</u>
Motor vehicles, at cost	98,380	98,380
Accumulated depreciation	<u>(65,538)</u>	<u>(48,060)</u>
	<u>32,842</u>	<u>50,320</u>
Works of art, at fair value	<u>67,420</u>	<u>67,420</u>
	<u>67,420</u>	<u>67,420</u>
Total property, plant and equipment	<u>4,949,335</u>	<u>5,246,469</u>

During the year the Branch Committee approved a change in our accounting policy with respect to the subsequent measurement of its land and building assets from the cost model to the revaluation model. The subsequent measurement using the fair value model is to assist the National Secretariat in their consolidated reporting processes as they have adopted the fair value model. The Guild believes that subsequent measurement using the revaluation model provides more relevant information for its members about the financial performance of these assets.

The change in accounting policy was applied retrospectively in accordance with the requirements of AASB 101 and AASB 108. The valuation for land and building assets was completed by Certified Practising Valuer, Ian Handley (Registered Valuer 1135), of Handley Partners Property with the date of inspection of the assets being performed on 21 June 2012 for the 30 June 2012 value. The same valuer performed the revaluation for the land and buildings for the year ended 30 June 2011.

Works of Art are recorded at a fair market value in continued use and are revalued every three years. On 24 March 2010, Mr. Colin McWilliam, NCJV Fine Arts Division Registered Valuer No. 384, of McWilliam & Associates Pty Ltd revalued the Works of Art at \$67,420. The revaluation was debited to the asset revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Movements in carrying amounts

Movements in carrying amounts for each class of property, plant and equipment and intangibles between the beginning and the end of the financial year.

2012

	Opening balance* Restated	Additions	Re-valuations	Disposals	Depreciation	Closing balance
	\$	\$	\$	\$	\$	\$
Freehold Land	3,500,000	-	(200,000)	-	-	3,300,000
Buildings	1,450,000	-	26,000	-	(36,000)	1,440,000
Plant and equipment	178,729	29,635	-	-	(99,291)	109,073
Motor vehicles	50,320	-	-	-	(17,478)	32,842
Works of art	67,420	-	-	-	-	67,420
<b>Total</b>	<b>5,246,469</b>	<b>29,635</b>	<b>(174,000)</b>	<b>-</b>	<b>(152,769)</b>	<b>4,949,335</b>

2011

	Opening balance* Restated	Additions	Re-valuations	Disposals	Depreciation	Closing balance* Restated
	\$	\$	\$	\$	\$	\$
Freehold Land	3,500,000	-	-	-	-	3,500,000
Buildings	1,740,000	-	(246,500)	-	(43,500)	1,450,000
Plant and equipment	190,076	97,965	-	(263)	(109,049)	178,729
Motor vehicles	69,996	-	-	-	(19,676)	50,320
Works of art	67,420	-	-	-	-	67,420
<b>Total</b>	<b>5,567,492</b>	<b>97,965</b>	<b>(246,500)</b>	<b>(263)</b>	<b>(172,225)</b>	<b>5,246,469</b>

	2012 \$	2011 \$
<b>10. INTANGIBLE ASSETS</b>		
Software, at cost	134,973	115,642
Accumulated amortisation	(112,803)	(85,733)
	<u>22,170</u>	<u>29,909</u>

	Opening balance	Additions	Re-valuations	Disposals	Amortisation	Closing balance
	\$	\$	\$	\$	\$	\$
Intangibles	29,909	19,332	-	-	(27,071)	22,170
<b>Total</b>	<b>29,909</b>	<b>19,332</b>	<b>-</b>	<b>-</b>	<b>(27,071)</b>	<b>22,170</b>

11. TRADE AND OTHER PAYABLES

	2012 \$	2011 \$
<b>CURRENT</b>		
Trade creditors		
- National Secretariat and Other Branches	147,457	219,343
- Other creditors	483,741	495,365
Accrued charges	919,965	514,492
Sundry creditors	284,888	347,999
	<u>1,836,051</u>	<u>1,577,199</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2012

12. PROVISIONS

	2012	2011
	\$	\$
CURRENT		
Employee benefits - Committee Members	-	-
Employee benefits - Staff	682,680	504,883
	<u>682,680</u>	<u>504,883</u>
NON-CURRENT		
Employee benefits - Committee Members	-	-
Employee benefits - Staff	15,205	56,284
	<u>15,205</u>	<u>56,284</u>
Aggregate employee benefits liability		
Employee benefits - Committee Members	-	-
Employee benefits - Staff	697,855	561,167
	<u>697,855</u>	<u>561,167</u>

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

	2012	2011
	\$	\$
13. OTHER CURRENT LIABILITIES		
Deferred income	1,849,550	2,140,754
Subscriptions in advance	1,615,954	1,229,211
Monies received in advance	390,482	176,124
	<u>3,855,986</u>	<u>3,546,089</u>

14. RESERVES

	2012	2011*	2010*
	\$	Restated	Restated
		\$	\$
(a) Asset replacement reserve	-	-	72,000
(b) Asset revaluation reserve	626,987	800,987	1,047,487
	<u>626,987</u>	<u>800,987</u>	<u>1,119,487</u>
Closing balance			
(a) Asset replacement reserve			
Opening balance	-	72,000	72,000
Released to Retained Profits	-	(72,000)	-
	<u>-</u>	<u>-</u>	<u>72,000</u>

The asset replacement reserve is a reserve that records an allocation for future capital expenditure. Following the replacement of IT Hardware during the year ended 30 June 2011, the reserve was reversed.

Asset revaluation reserve

Opening Balance Restated	800,987	1,047,487	1,339,225
Revaluation of land and buildings	(174,000)	(246,500)	(176,500)
Revaluation of works of art	-	-	(115,238)
	<u>626,987</u>	<u>800,987</u>	<u>1,047,487</u>

The asset revaluation reserve records revaluations of non-current assets.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**15. CONTROLLED ENTITIES**

Name	Country of Incorporation	% Owned		Investment At Cost		Contribution to Operating Surplus	
		2012 %	2011 %	2012 \$	2011 \$	2012 \$	2011 \$
Pharmacy Guild Services (NSW) Pty Ltd	Australia	100	100	22	22	Nil	Nil
Pharmacy Guild Sales & Valuations (NSW) Pty Ltd	Australia	100	100	12	12	Nil	Nil

Pharmacy Guild Services (NSW) Pty Ltd is the holding company for Pharmacy Guild Sales & Valuations (NSW) Pty Ltd.

**16. RELATED PARTY INFORMATION**

The Branch is part of an Australia wide organisation. Sales to and purchases from other Branches and the National Secretariat were made on normal commercial terms of trade during the year and amounted in aggregate to:

National Secretariat	
Sales	\$1,470,303
Purchases	\$1,841,860
Guild Branches	
Sales	\$17,228
Purchases	\$35,039

Branch committee members who held office during the financial year were:

S Banks	M Barone	J Black	L Chen	M Douglass
G Everett	T Hewitt	A Lawler	D Leahy	B Luu
P McBeath	G Mendria	R Samimi	P Sinclair	M Spiro
R Walsh				

The aggregate amount of remuneration paid to officers during the year is disclosed on the statement of comprehensive income.

The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officials is nil (2011: Nil).

There have been no other transactions between the Officers and the Branch other than those relating to their membership of the Branch and the reimbursement by the Branch in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

**17. INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER**

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, Chapter 8, Division 7, Section 272, the attention of members is drawn to the following provisions:

Subsection 272 (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.

Subsection 272 (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.

Subsection 272 (3)

An organisation must comply with an application made under subsection (1).

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2012

**18. METHADONE INCENTIVE SCHEME, NEEDLE & SYRING EXCHANGE & PHARMACY HEALTH CHECKS "KNOW YOUR NUMBERS"**

These programs operate throughout the state and are wholly funded by the NSW government.

	2012	2011
	\$	\$

**19. CASH FLOW INFORMATION**

**(a) Reconciliation of Cash**

Cash at the end of financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash on hand	500	500
Cash at bank	2,893,392	1,519,298
	2,893,892	1,519,798
Cash balance as per statement of cash flows	2,893,892	1,519,798

**(b) Reconciliation of net cash flows from operating activities with operating profit after income tax**

Operating surplus	6,984	267,025
Non-cash flows in operating profit		
Depreciation and amortisation	179,840	204,388
Loss / (gain) on sale of property plant and equipment	-	262
Changes in assets and liabilities, net of the effects of purchase and disposals of controlled entities		
Decrease / (increase) in trade and other receivables	500,182	(931,693)
Decrease / (increase) in prepaid expenses	36,289	(9,081)
(Increase) in inventories	(5,702)	(5,110)
Increase / (decrease) in creditors	258,853	(122,383)
Increase in other current financial liabilities	309,897	346,979
Increase / (decrease) in provisions – employee entitlements	136,718	(36,680)
	1,423,061	(286,293)
Cash flows from operations	1,423,061	(286,293)

**20. EVENTS SUBSEQUENT TO BALANCE DATE**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

**21. CONTINGENT LIABILITIES**

As at 30 June 2012 there are no contingent liabilities (2011: Nil).

COMMITTEE OF MANAGEMENT STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2012

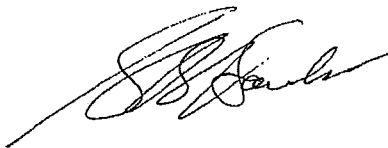
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On 22 August 2012 the Committee of Management of The Pharmacy Guild of Australia (NSW Branch) passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2012:

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

- (a) the financial statements and notes comply with the Australian Accounting Standards – Reduced Disclosure Requirements;
- (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 of The Pharmacy Guild of Australia (NSW Branch) for the financial year to 30 June 2012;
- (d) there are reasonable grounds to believe that The Pharmacy Guild of Australia (NSW 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 committee of management were held in accordance with the rules of the organisation including the rules of the branch concerned; and
  - (ii) the financial affairs of The Pharmacy Guild of Australia (NSW Branch) have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the The Pharmacy Guild of Australia (NSW Branch) have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
  - (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - (v) the information sought in any request of a member of The Pharmacy Guild of Australia (NSW Branch) or the General Manager of Fair Work Australia under Section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager; and
  - (vi) no orders have been made by Fair Work Australia under Section 273 of the Fair Work (Registered Organisations) Act 2009 during the period.
- (f) During the financial year ended 30 June 2012, The Pharmacy Guild of Australia (NSW Branch) did not participate in any recovery of wages activity.

For the Branch Committee of Management:



Silas Banks  
State President  
22 August 2012



Denis Leahy  
Vice-President, Finance  
22 August 2012

Grant Thornton Audit Pty Ltd  
ACN 130 913 594

Level 17, 383 Kent Street  
Sydney NSW 2000  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

**Independent Auditor's Report  
To the Members of The Pharmacy Guild of Australia (NSW Branch)**

We have audited the accompanying financial report of The Pharmacy Guild of Australia (NSW Branch) (the "Guild"), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the Committee of Management statement.

**Responsibility of the Committee of Management and Branch Secretary for the financial report**

The Committee of Management and Branch Secretary of the Guild are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations), the Fair Work (Registered Organisations) Regulations 2009 and all requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009. This responsibility includes such internal controls as the Committee of Management and Branch Secretary determine are necessary to enable the preparation of the financial report to be 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 which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.



In making those risk assessments, the auditor considers internal control relevant to the Guild'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 Guild's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee of Management and Branch Secretary, 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 applicable independence requirements of the Accounting Professional and Ethical Standards Board.

**Auditor's Opinion**

In our opinion, the financial report of The Pharmacy Guild of Australia (NSW Branch):

- a presents fairly, in all material respects, the Guild's financial position as at 30 June 2012 and of its performance and cash flows for the year then ended;
- b complies with Australian Accounting Standards - Reduced Disclosure Requirements and the relevant legislation; and
- c complies with the requirements of Fair Work (Registered Organisations) Regulations 2009 and Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



C F Farley  
Partner - Audit & Assurance

Sydney, 22 August 2012