



FAIR WORK
AUSTRALIA

20 October 2011

Mr Ian Todd
President
The Pharmacy Guild of Australia, South Australian Branch

email: guildsa@guild.org.au

Dear Mr Todd

Re: Financial Report for The Pharmacy Guild of Australia, South Australian Branch for year ended 30 June 2011 – FR2011/2585

I acknowledge receipt of the financial report and the Audit Report for The Pharmacy Guild of Australia, South Australian Branch (the Branch) for the year ended 30 June 2011. The financial report and Audit Report were lodged with Fair Work Australia (FWA) on 29 September 2011 and 14 October 2011 respectively.

The financial report has now been filed.

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

Fair Work (Registered Organisations) Act 2009

Reference to the 'Registration and Accountability of Organisations (RAO) Schedule' and 'RAO Schedule', appearing in the Operating Report and the 'Fair Work Act 2009' appearing in note 1 of the notes to the financial statements should properly refer to '*Fair Work (Registered Organisations) Act 2009*' (the Act). Also, the 'Industrial Registrar', 'RAO Schedule' and 'RAO Regulations' appearing in the Committee of Management statement should properly refer to the General Manager, Fair Work Australia', the '*Fair Work (Registered Organisations) Act 2009* (the Act)' and the '*Fair Work (Registered Organisations) Regulations 2009* (the Regulations)' respectively.

Notes to the financial statements

Notice under section 272(5) of the Act

As you are aware the notes to the General Purpose Financial Report are required to include a notice drawing attention to the fact that information prescribed by the Regulations is available to members on request. Note 2 to the financial statements reproduces the wording from outdated legislation. Instead the wording should 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).

Please ensure that future notes contain this extract of the Act word for word.

Disclosure of affiliation fees

In order to satisfy item 11(d) of the General Manager's Reporting Guidelines (the guidelines) separate disclosure of affiliation fees paid to political parties and industrial bodies need to be made. Note 4 discloses subscriptions and membership expenses. If any of these items relate to affiliation fees please ensure that are separately disclosed in future years.

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

The guidelines require either the balance sheet or the notes to disclose any liability for employee benefits in respect of office holders and other employees (items 14(c) and 14 (d)). Note 11 discloses these liabilities but does not distinguish between provisions for office holders and other employees. In future years please ensure that provisions for office holders and other employees are disclosed separately.

Notes to the Cash Flow Statement

Guideline 15 states that 'where another reporting unit of the organisation is the source of cash inflow or the application of a cash outflow, such cash flow should be separately disclosed in the notes to the financial statements and show the name of the other reporting unit concerned'. This is in addition to the requirement to disclose capitation fees to the national office (guideline 11(b)). In future years please ensure that cash flows to and from the national office, and if relevant any branches, are disclosed in the notes to the cash flow statement.

Donations, Grants or Loans

I have noted that donations and sponsorships totalling \$8,402 were made in 2010-11. Under subsection 237(1) of the Act there are certain steps that need to be taken if an individual donation exceeds \$1000.

As no subsection 237(1) statement has been lodged we assume that no single donation exceeded \$1000. Should this not be the case, please immediately advise FWA of the details and ensure that there is compliance with the reporting requirements of section 237, other than with respect to the required timeframe.

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

Yours sincerely



Kevin Donnellan

Tribunal Services and Organisations

Fair Work Australia

Email: kevin.donnellan@fwa.gov.au



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

We have audited the accompanying financial report of The Pharmacy Guild of Australia (SA Branch) (the "Branch"), which comprises the statement of financial position as at 30 June 2011, 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 statement by the Branch Committee.

Responsibility of the Committee of Management for the financial report

The Branch Committee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009. This responsibility includes such internal controls as the Committee of Management determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Branch Committee also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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.

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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 Association'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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Branch Committee, 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.

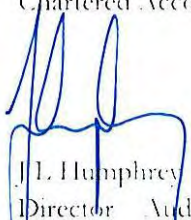
Independence

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 (SA Branch) presents fairly, in all material respects, the Branch's financial position as at 30 June 2011 and of its performance and cash flows for the year then ended in accordance with Australian Accounting Standards and all requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.


GRANT THORNTON AUDIT PTY LTD
Chartered Accountants


J.L. Humphrey
Director - Audit & Assurance Services

Adelaide, 16 August 2011



Designated Officer's Certificate or other Authorised Officer

I Ian Todd, being the Branch President of the Pharmacy Guild of Aust (SA 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 financial report, was provided to members on 17th August 2011 and
- that the full report was presented to a general meeting of members of the reporting unit on 27th September 2011 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature

29th September 2011

Date:

¹ *The relevant regulations prescribe the designated officer for the purpose of s268 of the Fair Work (Registered Organisations) Act 2009 as:*

- (a) the secretary; or
- (b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.



Grant Thornton

Financial Report

The Pharmacy Guild of Australia (SA Branch)

Year Ended 30 June 2011

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

OPERATING REPORT YEAR ENDED 30 JUNE 2011

Your Branch Committee present their report on the Pharmacy Guild of Australia (SA Branch) for the financial year ended 30 June 2011.

The names of the Branch Committee in office at any time during or since the end of the year and the period for which the position was held are:

- I.P. Todd (Branch President – National Councillor)
- B.R. Schultz
- P.D. Simmons (Vice President – Finance)
- P.N. Hocking
- S. McGregor (National Councillor)
- Z. Seman
- L. Broomhead
- N. Panayiaris

Committee members have been in office since the start of the financial year to the date of this report unless otherwise stated.

The loss of the Branch for the financial year amounted to \$507,327 (2010: loss of \$182,710) after taking into account unfavourable write downs of the Guild land and buildings and investment property totalling \$287,757.

Principal Activities

- (i) The Pharmacy Guild of Australia SA Branch is an employer's organisation servicing the needs of proprietors of independent community pharmacies and representing their interests in industrial matters.
- (ii) The Pharmacy Guild of Australia SA Branch assists the National Council and the National Executive of The Pharmacy Guild of Australia ("the Guild") 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 SA 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.

No significant changes in the Branch's financial affairs, other than those noted in the review of principal activities above, occurred during the financial year.

No officer or member of the Branch is a trustee or a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Members Advice

- (i) Under Section 174 of the Fair Work (Registered Organisation) 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 Branches rights to certain prescribed information.

The number of persons who were, at the end of the financial year to which the report relates, recorded in the register of members under Section 230 of the Registration and Accountability of Organisations (RAO) Schedule and which are taken to be members of the Branch under section 244 of the RAO Schedule, was 303 members.

Insurance of Officers

During the financial year, The Pharmacy Guild of Australia SA Branch paid insurance to cover all officers of The Pharmacy Guild of Australia SA Branch. The officers of The Pharmacy Guild of Australia SA 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 SA Branch. The liabilities incurred 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 SA Branch.

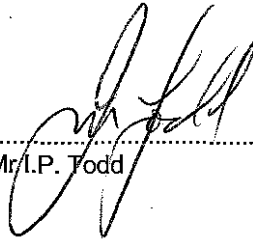
THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**OPERATING REPORT (CONT)
YEAR ENDED 30 JUNE 2011**

The number of persons who were, at the end of the financial year to which the report relates, employees of the Branch, where the number of employees includes both full time employees and part time employees measured on a full time equivalent basis was 16.5.

Signed in accordance with a resolution of the Branch Committee:

Branch President


.....
Mr. I.P. Todd

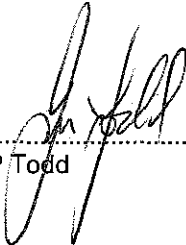
THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

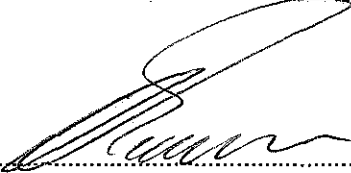
**BRANCH COMMITTEE STATEMENT
YEAR ENDED 30 JUNE 2011**

We, Ian Philip Todd, and Paul David Simmons, being the Branch President and Vice President (Finance) of The Pharmacy Guild of Australia (SA Branch), do declare on behalf of the Branch Committee and in accordance with a resolution passed by the Branch Committee on 16 August 2011, that in the opinion of the Branch Committee:

1. The financial statements and notes comply with the Australian Accounting Standards;
2. The financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
3. The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year to which they relate;
4. There are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
5. During the year ended 30 June 2011 and since the end of that year;
 - i. Meetings of the Branch Committee were held in accordance with the rules of the Pharmacy Guild of Australia including the rules of the Branch; and
 - ii. The financial affairs of the Branch have been managed in accordance with the rules of the Pharmacy Guild of Australia including the rules of the Branch; and
 - iii. The financial records of the Branch have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - 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; and
 - v. The information sought in any request of a member of the Branch or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - vi. There has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.
6. The organisation has not undertaken any recovery of wages activity.

Signed this 16 day of August 2011


.....
I P Todd


.....
P D Simmons

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDE 30 JUNE 2011**

	Note	2011 \$	2010 \$
Revenue	3	2,544,880	2,436,879
Employee benefits expense		1,303,818	1,127,188
Depreciation		80,846	69,480
Depreciation - investment property		-	14,867
Electricity		11,946	11,886
Finance costs		60,965	55,743
Insurance		22,734	21,915
Leasing Equipment		31,711	31,531
Rates & Taxes		45,059	47,800
Membership expense - National		398,891	351,438
Telephone		28,270	22,702
Write off fixed assets		2,660	9,736
Other expenses	4	777,550	855,303
Profit/(loss) from operations		<u>(219,571)</u>	<u>(182,710)</u>
Net gain/(loss) on fair market value of investment property		(52,168)	-
Revaluation decrement - buildings		<u>(235,589)</u>	-
Net profit/(loss) attributable to members		<u>(507,328)</u>	<u>(182,710)</u>
Other comprehensive income			
Net gain on the revaluation of property, plant and equipment recognised directly in equity		<u>142,097</u>	-
Total other comprehensive income/(loss) for the year		<u>142,097</u>	-
Total comprehensive income/(loss) attributable to members of the entity		<u>(365,231)</u>	<u>(182,710)</u>

The accompanying notes form part of these financial statements

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	156,903	113,880
Trade and other receivables	6	127,004	124,880
Other current assets	7	29,563	18,064
TOTAL CURRENT ASSETS		313,470	256,824
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,038,447	2,190,094
Investment property	9	906,667	958,835
TOTAL NON-CURRENT ASSETS		2,945,114	3,148,929
TOTAL ASSETS		3,258,584	3,405,753
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	336,334	216,723
Income received in advance		244,873	118,823
Short-term provisions	11	112,246	78,576
Borrowings	12	-	61,270
TOTAL CURRENT LIABILITIES		693,453	475,392
NON-CURRENT LIABILITIES			
Borrowings	12	1,000,000	1,000,000
TOTAL NON CURRENT LIABILITIES		1,000,000	1,000,000
TOTAL LIABILITIES		1,693,453	1,475,392
NET ASSETS		1,565,131	1,930,361
EQUITY			
Reserves		142,097	-
Retained earnings		1,423,034	1,930,361
TOTAL EQUITY		1,565,131	1,930,361

The accompanying notes form part of these financial statements

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Asset Revaluation Reserve \$	Retained Earnings \$	Total \$
Balance at 30 June 2009	-	2,113,071	2,113,071
Loss attributable to members	-	(182,710)	(182,710)
Balance at 30 June 2010	-	1,930,361	1,930,361
Loss attributable to members	-	(507,327)	(507,327)
Net revaluation increment	142,097	-	142,097
Balance at 30 June 2011	142,097	1,423,034	1,565,131

The accompanying notes form part of these financial statements

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,646,722	2,495,065
Payments to suppliers and employees		(2,477,919)	(2,511,759)
Interest received		22,084	29,207
Borrowing costs		(60,966)	(55,743)
Net cash provided by/(used in) operating activities	17(b)	<u>129,921</u>	<u>(43,230)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		566	-
Payment for property, plant and equipment		<u>(26,194)</u>	<u>(88,889)</u>
Net cash (used in) investing activities		<u>(25,628)</u>	<u>(88,889)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		<u>(61,270)</u>	<u>(62,073)</u>
Net cash (used in) financing activities		<u>(61,270)</u>	<u>(62,073)</u>
Net (decrease)/increase in cash and cash equivalents		43,023	(194,193)
Cash and cash equivalents at the beginning of the year		<u>113,880</u>	<u>308,073</u>
Cash and cash equivalents at the end of the year	17(a)	<u>156,903</u>	<u>113,880</u>

The accompanying notes form part of these financial statements

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the requirements of the Fair Work Act 2009.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Income Tax

The income of the Guild is exempt from income tax under Section 50-15 of the Income Tax Assessment Act 1997.

(b) Property, Plant and Equipment

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

(i) Investment Property

The land and buildings owned by the branch on Greenhill Road, Dulwich has been disclosed as an investment property to the extent that it is available for occupation by external tenants.

The Branch has applied the fair value model in determining the value of the property.

(ii) Property

Freehold land and buildings are shown at valuation, less any subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

(iii) Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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 those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(b) Property, Plant and Equipment (Cont)

Depreciation

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

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Office equipment and furniture	10% - 33 1/3 %
Motor vehicles	15-20%
Buildings	2.50%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

(c) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Branch commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or costs. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONT)

(c) Financial Instruments

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking where they are derivatives not held for hedging purposes when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *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 subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets

If during the period the Branch sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONT)

(c) **Financial Instruments**

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(d) **Impairment of Assets**

At each reporting date, the Guild reviews the carrying values of its tangible and intangible 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 assets class, the Guild estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

(e) **Employee Entitlements**

Provision is made for the Guild's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year have been measured at amounts expected to be paid when the liability is settled. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the Guild to superannuation funds on behalf of employees and are charged as expenses when incurred.

(f) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) **Accrued Expenses**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Pharmacy Guild of Australia (SA Branch). Trade accounts payable are normally settled within 60 days.

(h) **Trade and Other Debtors**

Trade and other debtors are normally settled within 30 days and are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONT)

(i) **Revenue**

Subscriptions received are initially recognised as liabilities and brought to account as revenue in the period to which the subscription relates.

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

Commission, Training, Quality Care and Pharmacy Community Forum income are brought to account as revenue in the period in which the services are provided.

All revenue is brought to account net of the amount of goods and services tax (GST).

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

Revenues, expenses and assets are recognised net of the amount of 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 expense. Receivables and payables in the Statement of Financial Position are shown inclusive 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.

(k) **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probably that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(l) **Comparative Figures**

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

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

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

(n) **Economic Dependency**

The future operations of the Guild are dependent upon achieving and maintaining appropriate member numbers, the continuation of adequate funding and revenue bases and the achievement of operating surpluses and positive operating cash flows.

(o) **New Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The entities assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 9 Financial Instruments, AASB 2009-11*

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the entities accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONT)

(o) New Accounting Standards and Interpretations (Cont)

- (i) *AASB 9 Financial Instruments, AASB 2009-11 (Cont)*
There will be no impact on the entities accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the entity does not have any such liabilities.
- (ii) *AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)
Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the entity's disclosures.

NOTE 2 - INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Fair Work Act 2009, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of Section 272 which read, as follows:

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

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
NOTE 3 - REVENUE FROM ORDINARY ACTIVITIES		
Operating Activities		
Members subscriptions	674,125	587,303
Nominal members subscription	3,800	3,126
Clearing house subscription	3,051	3,780
Administration fees - SA Pharmacists Co-operative Ltd	8,000	12,000
Commission	198,039	198,174
Training income including Northern Territory	519,394	636,565
Quality care income	128,900	128,900
Needle exchange programme	81,602	65,169
QUMAX income	34,000	34,000
Sundry income	30,360	40,664
EML	89,800	-
DMMR/HMR income	-	107,026
Pharmacy Community Forum	199,473	183,380
Pharmacy Liaison Officer	70,000	72,245
Rental income	83,463	93,942
Payroll services	398,789	241,399
	<u>2,522,796</u>	<u>2,407,673</u>
Non-Operating Activities		
Interest received from other persons	22,084	29,206
	<u>2,544,880</u>	<u>2,436,879</u>

NOTE 4 - OTHER EXPENSES FROM ORDINARY ACTIVITIES

Remuneration of auditor		
- audit or review service	10,224	5,654
- other services	-	-
Total remuneration	<u>10,224</u>	<u>5,654</u>
Advertising	12,953	-
Bank fees	12,960	-
Committee Expenses	1,831	5,385
Catering	6,399	-
Cleaning	9,301	10,021
Clearing house	-	13,948
Conference expenses	21,584	-
Donations & Sponsorships	8,402	-
Entertainment	8,955	18,048
IT expenses	38,007	52,993
HMR	-	80,174
Legal expenses	4,689	548
Motor vehicles	22,603	16,460
payroll service	119,128	143,976
postage & freight	34,593	15,856
pharmacy forum	183,726	176,774
Printing & stationery	32,329	46,345
Office & general	-	32,996
subscriptions & memberships	6,763	10,463
travel expense	29,026	48,026
waste management	24,586	22,965
EML - pinnacle	74,073	-
Consultant fees	64,742	82,048
Repairs & maintenance	11,521	10,148
Sundry expenses	39,155	62,475
	<u>777,550</u>	<u>855,303</u>

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 5 - CASH AND CASH EQUIVALENTS		
Cash on hand	200	200
Cash at bank	156,703	113,680
	<u>156,903</u>	<u>113,880</u>

NOTE 6 - TRADE AND OTHER RECEIVABLES

CURRENT

Trade debtors	107,257	110,547
Provisions for impairment	(800)	(800)
	<u>106,457</u>	<u>109,747</u>
Other debtors	13,846	2,688
GST paid	6,701	12,445
	<u>20,547</u>	<u>15,133</u>
Total Current Trade and Other Receivables	<u>127,004</u>	<u>124,880</u>

Provision for Impairment

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:

	\$	\$
Provision for impairment as at 30 June 2009	800	800
Charge for year	-	-
Written off	-	-
	<u>800</u>	<u>800</u>
Provision for impairment as at 30 June 2010	800	800
Charge for year	-	-
Written off	-	-
	<u>800</u>	<u>800</u>
Provision for impairment as at 30 June 2011	800	800

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 6 - TRADE AND OTHER RECEIVABLES (CONT)

Credit Risk - Trade and Other Receivables

The Branch does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the Branch's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Branch and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Branch.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31-60 \$	61-90 \$	>90 \$	
2011							
Trade and term receivables	107,257	800	8,036	56,305	-	-	42,116
Other receivables	20,547	-	-	-	-	-	20,547
Total	127,804	800	8,036	56,305	-	-	62,663
2010							
Trade and term receivables	110,547	800	33,372	28,800	416	-	47,159
Other receivables	15,133	-	-	-	-	-	15,133
Total	125,680	800	33,372	28,800	416	-	62,292

The Branch does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

	2011 \$	2010 \$
NOTE 7 - OTHER CURRENT ASSETS		
CURRENT		
Prepayments	29,563	18,064
	<u>29,563</u>	<u>18,064</u>

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 8 - PROPERTY, PLANT AND EQUIPMENT		
NON CURRENT		
Land and Buildings		
Land - at valuation (2010 - at cost)	986,667	844,570
Building - at valuation (2010 - at cost)	826,667	1,184,854
Less accumulated depreciation	(20,667)	(122,599)
Total Buildings	806,000	1,062,255
Total Land Buildings	1,792,667	1,906,825
Plant and Equipment		
Office equipment and furniture - at cost	254,585	242,481
Less accumulated depreciation	(91,745)	(67,917)
	162,840	174,564
Motor vehicles - at cost	155,464	155,464
Less accumulated depreciation	(72,524)	(46,759)
	82,940	108,705
Total Plant and Equipment	245,780	283,269
Total Property, Plant and Equipment	2,038,447	2,190,094

(a) **Valuations of land and buildings**

The valuation basis of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2011 revaluations were made based on independent assessments by a member of the Australian Property Institute as at 1 July 2010.

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (CONT)

(b) Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Equipment and Motor				Total
	Land	Buildings	furniture	Vehicles	
2011	\$	\$	\$	\$	\$
Balance at the beginning of the year	844,570	1,062,255	174,564	108,705	2,190,094
Additions	-	-	26,194	-	26,194
Write offs	-	-	(2,781)	-	(2,781)
Depreciation expense	-	(20,667)	(35,137)	(25,765)	(81,569)
Revaluation	142,097	(235,588)	-	-	(93,491)
Carrying amount at the end of the year	986,667	806,000	162,840	82,940	2,038,447

	Equipment and Motor				Total
	Land	Buildings	furniture	Vehicles	
2010	\$	\$	\$	\$	\$
Balance at the beginning of the year	844,570	1,091,876	147,475	96,500	2,180,421
Additions	-	-	52,294	36,595	88,889
Write offs	-	-	(9,736)	-	(9,736)
Depreciation expense	-	(29,621)	(15,469)	(24,390)	(69,480)
Carrying amount at the end of the year	844,570	1,062,255	174,564	108,705	2,190,094

	2011	2010
	\$	\$
NOTE 9 - INVESTMENT PROPERTY		
Investment Property	906,667	958,835

For details of the valuation refer Note 8(a)

NOTE 10 - TRADE AND OTHER PAYABLES

CURRENT

Trade creditors and accruals	205,434	100,603
GST received	7,648	18,524
Employee benefits - annual leave - employees	123,252	97,596
	<u>336,334</u>	<u>216,723</u>
a. Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables	336,334	335,546
Total current	-	-
Total non-current	<u>336,334</u>	<u>335,546</u>
Less annual leave entitlements	<u>(123,252)</u>	<u>(97,596)</u>
Financial liabilities as trade and other payables	<u>213,082</u>	<u>237,950</u>

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
NOTE 11 - SHORT-TERM PROVISIONS		
Provision for long service leave - employees	112,246	78,576
Aggregate employee entitlement liability	112,246	78,576
Number of employees at year end	20	22

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the profitability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

Movement in provisions

Opening Balance 1 July 2009 - provision for long service leave	78,576	70,902
Additional provision raised during the year	33,670	7,674
Balance 30 June 2010	112,246	78,576

NOTE 12 - FINANCIAL BORROWINGS

CURRENT

Loan from Guild Insurance (HP)	-	61,270
	-	61,270

NON CURRENT

Loan from Guild Insurance - secured	1,000,000	1,000,000
Total Financial Borrowings	1,000,000	1,061,270

The Loan from Guild Insurance Limited for \$1,000,000 is secured by a mortgage over the land (233-235 Greenhill Road, Dulwich SA). Interest is payable on the loan at a variable interest rate for a fixed term of 5 years. The loan is due for repayment in December 2013.

NOTE 13 - CAPITAL AND LEASING COMMITMENTS

The Branch has the following operating lease commitments relating to photocopiers:

- Within one year	29,403	29,403
- Later than one year but less than three years	17,152	46,555
Total	46,555	75,958

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 14 - RELATED PARTIES

- a) The following persons were members of the Branch Committee during the financial year:

N Panayiaris	P Simmons
L Broomhead	I Todd (President)
P N Hocking	B R Schultz
S McGregor	Z Seman

- b) The ultimate controlling entity of The Pharmacy Guild of Australia (SA Branch) is The Pharmacy Guild of Australia.

- c) The aggregate of Branch Committee Members' and Branch Director's remuneration is as follows:

	2011	2010
	\$	\$
Committee Members' and Branch Directors remuneration		
- Gross remuneration	177,913	175,270
Total remuneration	<u>177,913</u>	<u>175,270</u>
Remuneration - employees including Branch Director (other than holders of office)	<u>1,144,090</u>	<u>1,094,068</u>
The aggregate amount of employee benefits payable to the Branch Director	<u>24,830</u>	<u>15,387</u>

- d) The aggregate amount paid during the year to a superannuation fund by The Pharmacy Guild of Australia (SA Branch) in connection with the retirement of any Branch Committee Member or Branch Director and not included as remuneration as above was Nil (2010: Nil).

- e) Branch Committee Members may utilise the clearing house and members services accounts on the same terms and conditions as other Guild Members.

	2011	2010
	\$	\$
f) Amounts receivable/accrued for commissions from related parties - current		
Guild Insurance Ltd	8,000	-
Guild Cross Products and Services	3,000	-

The above commissions are calculated at rates determined by the National Services Division and the Guild Insurance Ltd respectively.

- g) The aggregate of commission income received or receivable from related entities:

Guild Insurance Ltd	150,592	155,835
Other	45,070	42,339

- h) The aggregate of membership expenses paid or payable to the ultimate controlling entity

	398,890	351,438
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THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15 - KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term benefits \$	Post-employment benefits \$	Other Long-term benefits \$	Total \$
2011				
Total compensation	177,913	-	-	177,913
2010				
Total compensation	175,270	-	-	175,270

NOTE 16 - SEGMENT REPORTING

The Pharmacy Guild of Australia (SA Branch) operates wholly within the pharmaceutical industry in South Australia as an employer organisation.

	2011 \$	2010 \$
NOTE 17 - CASH FLOW INFORMATION		
(a) Reconciliation of cash:		
Cash on hand	200	200
Cash at bank	156,703	113,680
	<u>156,903</u>	<u>113,880</u>
(b) Reconciliation of profit/(loss) from operations to net cash provided by operating activities:		
Profit/(Loss) from operations	(507,327)	(182,710)
Non-cash flows in profit from operations:		
Depreciation - property, plant and equipment	81,569	69,480
Depreciation - investment property	-	14,867
Write off of fixed assets	2,214	9,736
Net revaluation decrement	235,589	-
Net movement on investment property	521,168	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(2,124)	(56,292)
(Increase)/decrease in prepayments	(11,499)	5,029
Increase/(decrease) in payables/unearned income	245,661	88,985
Increase/(decrease) in provisions	33,670	7,674
Net cash provided by/(used in) operating activities	<u>129,921</u>	<u>(43,231)</u>
(c) At balance date, the Branch had a loan outstanding of \$1,000,000 (2010: \$1,061,270). The loan does not have a redraw facility and repayments can be made at any time.		
(d) There were no non-cash financing or investing activities during the period.		

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 18 - FINANCIAL RISK MANAGEMENT

Financial Liability and Financial Assets Maturity Analysis:

2011		<u>Fixed Interest Maturing In</u>					
Financial Assets	Floating Interest Rate	1 year or less	1 to 5 years	Over 5 years	Non-interest bearing	Total	
	\$	\$	\$	\$	\$	\$	
Cash	156,703	-	-	-	200	156,903	
Trade debtors	-	-	-	-	127,004	127,004	
Total anticipated inflows	156,703	-	-	-	127,204	283,907	
Weighted average interest rate	4.0%	N/A	N/A	N/A	N/A		
Financial Liabilities							
Trade creditors and accruals	-	-	-	-	213,082	213,082	
Interest bearing liabilities	1,000,000	-	-	-	-	1,000,000	
Total expected outflows	1,000,000	-	-	-	213,082	1,213,082	
Weighted average interest rate	5.85%	N/A	N/A	N/A	N/A		
Net (outflow)/inflow on financial instruments	(843,297)	-	-	-	(85,878)	(929,175)	
2010		<u>Fixed Interest Maturing In</u>					
Financial Assets	Floating Interest Rate	1 year or less	1 to 5 years	Over 5 years	Non-interest bearing	Total	
	\$	\$	\$	\$	\$	\$	
Cash	113,680	-	-	-	200	113,880	
Trade debtors	-	-	-	-	124,880	124,880	
Total anticipated inflows	113,680	-	-	-	125,080	238,760	
Weighted average interest rate	4.1%	N/A	N/A	N/A	N/A		
Financial Liabilities							
Trade creditors and accruals	-	-	-	-	239,635	239,635	
Interest bearing liabilities	1,000,000	-	61,270	-	-	1,061,270	
Total expected outflows	1,000,000	-	61,270	-	239,635	1,300,905	
Weighted average interest rate	6.4%	N/A	7.5%	N/A	N/A		
Net (outflow)/inflow on financial instruments	(886,320)	-	(61,270)	-	(114,555)	(1,062,145)	

The fair values disclosed in the above tables have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts provided for relating to annual leave which is not considered a financial instrument.
- (ii) For listed available-for-sale financial assets, closing quoted bid prices at reporting date are used.

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 18 - FINANCIAL RISK MANAGEMENT (CONT)

Financial Risk Management Policies

The Guild's Directors are responsible for, among other issues, monitoring and managing financial risk exposures of the Guild. The Directors monitor the Guild's transactions and review the effectiveness of controls relating to credit risk, financial risk and interest rate risk.

The Director's overall risk management strategy seeks to ensure that the Guild meets its financial targets, whilst maintaining potential adverse effects of cash flow shortfalls.

Specific Financial Risk Exposures and Management

The main risks the Guild is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

- a. Interest rate risk
The Guild is exposed to interest rate risk since cash balances and borrowings are maintained at variable rates.
- b. Liquidity risk
Liquidity risk arises from the possibility that the Guild might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Guild manages this risk through the following mechanisms:
 - preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities
 - only investing surplus cash with major financial institutions; and
 - proactively monitoring the recovery of unpaid subscriptions.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Guild.

Credit risk is managed through maintaining procedures ensuring, the extent possible, that members and counterparties to transactions are of sound credit worthiness. Subscriptions are expected to be paid prior to the commencement of the subscription period. All subscriptions receivable are past due.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Committee have otherwise cleared as being financially sound.

Credit Risk Exposures

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment, as disclosed in the Statement of Financial Position and notes to the financial statements.

There is no collateral held by the Branch securing trade and other receivables.

The Branch does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Branch.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 19 - CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised. The committee ensures that the overall risk management strategy is in line with this objective.

Risk management policies are approved and reviewed by the Committee on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year.

The gearing ratios for the years ended 30 June 2011 and 30 June 2010 are as follows:

	2011	2010
	\$	\$
Total Borrowings	1,000,000	1,061,270
Less cash and cash equivalents	<u>(156,903)</u>	<u>(113,880)</u>
Net debt	<u>843,097</u>	<u>947,390</u>
Total equity (reserves + retained earnings)	<u>1,565,131</u>	<u>1,930,361</u>
Total capital	<u>2,408,228</u>	<u>2,877,751</u>
Gearing ratio	35%	33%

NOTE 20 - BRANCH DETAILS

The principal place of business of the branch is:

The Pharmacy Guild of Australia (SA Branch)
233 Greenhill Road
DULWICH SA 5065