



20 November 2013

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

Email: michael.robertson@guild.org.au

Dear Mr Todd

The Pharmacy Guild of Australia South Australian Branch Financial Report for the year ended 30 June 2012 - FR2012/270

I acknowledge receipt of the financial report of The Pharmacy Guild of Australia, South Australian Branch (PGA SA). The documents were lodged with Fair Work Australia on 25 September 2012. The amended report was lodged with the Fair Work Commission (FWC) on 8 May 2013.

A letter was sent to PGA SA on 31 July 2013 by Melissa Garcia from FWC requesting further information in relation to the disclosure of cash inflows and outflows between PGA SA and other branches of the organisation. FWC does not have any record of receiving a reply to this letter.

The 2013 financial return for PGA SA was lodged with FWC on the 14 October 2013. On a preliminary review of the 2013 financial return, I have noted that the disclosure of cash inflows and outflows is in accordance with the Reporting Guidelines.

Based on this, the 2012 financial report for PGA SA has now been filed. You are not required to take any further action in respect of the report lodged.

Changes to the legislation and reporting guidelines

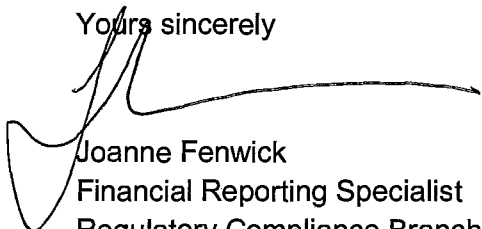
I note with the change of legislation, references to Fair Work Australia will need to be updated to the Fair Work Commission.

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>

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

Yours sincerely



Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch

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31 July 2013

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

Email: michael.robertson@guild.org.au

Dear Mr Todd

Re: Financial Report for The Pharmacy Guild of Australia for year ended 30 June 2012 - FR2012/270

I acknowledge receipt of the amended general purpose financial report (the amended report) of The Pharmacy Guild of Australia - South Australia branch for the year ended 30 June 2012. The amended report was lodged with the Fair Work Commission on 8 May 2013. I apologise for the delay in responding.

Most of the amendments contained in the amended report have corrected the previous issues identified in Andrea O'Halloran's letter to you dated 9 April 2013. Supplementary or corrected information needs to be provided in relation to Notes to the Statement of Cash Flows. The details of this matter are set out below and are required to be satisfactorily addressed before the report can be filed.

Notes to the Statement of Cash Flows

As advised in our correspondence of 9 April 2013, we advised that the reporting guidelines require that the amount of cash flows to and from other reporting units of The Pharmacy Guild of Australia and the names of other reporting units be disclosed. Section 242 of the *Fair Work Registered Organisations Act 2009* provides a definition of 'reporting unit':

242 What is a reporting unit?

- (1) The requirements of this Part apply in relation to reporting units. A reporting unit may be the whole of an organisation or a part of an organisation.

Organisations not divided into branches

- (2) Where an organisation is not divided into branches, the **reporting unit** is the whole of the organisation.

Organisations divided into branches

- (3) Where an organisation is divided into branches, each branch will be a **reporting unit** unless a certificate issued by the General Manager stating that the organisation is, for the purpose of compliance with this Part, divided into reporting units on an alternative basis (see section 245) is in force.

- (4) The alternative reporting units are:

(a) the whole of the organisation; or

(b) a combination of 2 or more branches of the organisation.

Each branch of an organisation must be in one, and only one, reporting unit.

(5) For the purposes of this Part, so much of an organisation that is divided into branches as would not, apart from this subsection, be included in any branch, is taken to be a branch of the organisation.

Therefore an example of a reporting unit would be the national body as well as all of the branches of the organisation.

In note 17(e) of the amended report cash flows from Guild Insurance Ltd and Gold Cross Products and Services are listed. However what should be listed here is whether the South Australia branch received cash flow from other reporting units of The Pharmacy Guild, such as the national body or other branches of the organisation.

It is not necessary to draw up a whole set of financial statements, a letter making reference to note 17 and providing information regarding cash flows between the South Australian Branch and other reporting units would be sufficient.

Should you wish to discuss the matters raised in this letter, or if you require further information, I may be contacted on (03) 8661 7942 or by email at melissa.garcia@fwc.gov.au.

Yours sincerely



Melissa Garcia
Regulatory Compliance Branch
Fair Work Commission

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

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

	Note	2012 \$	2011 \$
Revenue	3	2,775,727	2,544,880
Employee benefits expense		1,268,386	1,303,818
Depreciation		83,809	80,846
Electricity		17,111	11,946
Finance costs		59,816	60,965
Insurance		25,108	22,734
Leasing Equipment		21,568	31,711
Rates and Taxes		49,332	45,059
Membership expense - National		428,646	398,891
Telephone		21,691	28,270
(Gain)/loss on disposal of fixed assets		(256)	2,660
Other expenses	4	728,328	777,550
Profit/(loss) from operations		<u>72,188</u>	<u>(219,571)</u>
Net gain/(loss) on fair market value of investment property		106,667	(52,168)
Revaluation decrement - buildings		-	<u>(235,589)</u>
Net profit/(loss) attributable to members		<u>178,855</u>	<u>(507,328)</u>
Other comprehensive income			
Net gain on the revaluation of property, plant and equipment recognised directly in equity		<u>213,333</u>	<u>142,097</u>
Total other comprehensive income/(loss) for the year		<u>213,333</u>	<u>142,097</u>
Total comprehensive income/(loss) attributable to members of the entity		<u><u>392,188</u></u>	<u><u>(365,231)</u></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 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	163,304	156,903
Trade and other receivables	6	216,172	127,004
Other current assets	7	37,543	29,563
TOTAL CURRENT ASSETS	8	<u>417,019</u>	<u>313,470</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,246,071	2,038,447
Investment property	9	1,013,334	906,667
TOTAL NON-CURRENT ASSETS		<u>3,259,405</u>	<u>2,945,114</u>
TOTAL ASSETS		<u>3,676,424</u>	<u>3,258,584</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	305,201	336,334
Income received in advance		232,807	244,873
Short-term provisions	11	111,242	112,246
Borrowings	12	10,390	-
TOTAL CURRENT LIABILITIES		<u>659,640</u>	<u>693,453</u>
NON-CURRENT LIABILITIES			
Borrowings	12	1,059,465	1,000,000
TOTAL NON CURRENT LIABILITIES		<u>1,059,465</u>	<u>1,000,000</u>
TOTAL LIABILITIES		<u>1,719,105</u>	<u>1,693,453</u>
NET ASSETS		<u>1,957,319</u>	<u>1,565,131</u>
EQUITY			
Reserves		355,430	142,097
Retained earnings		1,601,889	1,423,034
TOTAL EQUITY		<u>1,957,319</u>	<u>1,565,131</u>

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 2012

	Asset		
	Revaluation	Retained	Total
	Reserve	Earnings	
	\$	\$	\$
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
Profit attributable to members	-	178,855	178,855
Net revaluation increment	213,333	-	213,333
Balance at 30 June 2012	355,430	1,601,889	1,957,320

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 2012**

	Note	2012	2011
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,653,945	2,646,722
Payments to suppliers and employees		(2,600,268)	(2,477,919)
Interest received		20,529	22,084
Borrowing costs		(59,816)	(60,966)
Net cash provided by/(used in) operating activities	17(b)	<u>14,390</u>	<u>129,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		8,182	566
Payment for property, plant and equipment		(12,432)	(26,194)
Net cash (used in) investing activities		<u>(4,250)</u>	<u>(25,628)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(3,739)	(61,270)
Net cash (used in) financing activities		<u>(3,739)</u>	<u>(61,270)</u>
Net (decrease)/increase in cash and cash equivalents		6,401	43,023
Cash and cash equivalents at the beginning of the year		<u>156,903</u>	<u>113,880</u>
Cash and cash equivalents at the end of the year	17(a)	<u>163,304</u>	<u>156,903</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 2012

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 (Registered Organisations) Act 2009 (RO Act).

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 2012**

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 2012

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.

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.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONT)

(c) Financial Instruments (Cont)

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 2012**

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.

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

2012 **2011**
\$ \$

NOTE 2 - INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

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

NOTE 3 - REVENUE FROM ORDINARY ACTIVITIES

Operating Activities

Members subscriptions	724,350	674,125
Nominal members subscription	1,968	3,800
Clearing house subscription	2,625	3,051
Administration fees - SA Pharmacists Co-operative Ltd	5,000	8,000
Commission	221,024	198,039
Training income including Northern Territory	416,704	519,394
Quality care income	147,867	128,900
Needle exchange programme	82,068	81,602
QUMAX income	35,360	34,000
Sundry income	98,205	30,360
EML	92,518	89,800
Pharmacy Community Forum	-	199,473
Pharmacy Liaison Officer	70,000	70,000
Rental income	86,644	83,463
Payroll services	513,768	398,789
Community Strategy Program	134,000	-
Community Pharmacy Campaign	18,675	-
Sponsorship Forum	104,402	-

2,755,178 2,522,796

Non-Operating Activities

Interest received from other persons	<u>20,549</u>	<u>22,084</u>
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2,775,727 2,544,880

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	\$	\$
NOTE 4 - OTHER EXPENSES FROM ORDINARY ACTIVITIES		
Remuneration of auditor - audit or review service	4,925	10,224
Total remuneration	<u>4,925</u>	<u>10,224</u>
Advertising	10,200	12,953
Bank fees	13,520	12,960
Committee Expenses	6,060	1,831
Catering	4,603	6,399
Cleaning	10,719	9,301
Conference expenses	5,622	21,584
Donations & Sponsorships	10,852	8,402
Entertainment	10,511	6,455
IT expenses	35,351	38,007
Legal expenses	7,407	4,689
Motor vehicles	21,252	22,603
payroll service	141,381	119,128
postage & freight	19,100	34,593
pharmacy forum	124,471	183,726
Printing & stationery	45,187	32,329
Affiliation fees to political or industrial body	5,140	2,500
subscriptions & memberships	5,227	6,763
travel expense	27,415	29,026
waste management	31,101	24,586
EML - pinnacle	79,245	74,073
Consultant fees	52,373	64,742
Repairs and maintenance	8,854	11,521
Sundry expenses	47,812	39,155
	<u>728,328</u>	<u>777,550</u>

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash on hand	200	200
Cash at bank	163,104	156,703
	<u>163,304</u>	<u>156,903</u>

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	\$	\$
NOTE 6 - TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade debtors	144,529	107,257
Provisions for impairment	(800)	(800)
	<u>143,729</u>	<u>106,457</u>
Other debtors	57,771	13,846
GST paid	14,672	6,701
	<u>72,443</u>	<u>20,547</u>
Other Receivables	<u>72,443</u>	<u>20,547</u>
Total Current Trade and Other Receivables	<u><u>226,926</u></u>	<u><u>127,004</u></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.

	2012	2011
	\$	\$
Movement in the provision for impairment of receivables is as follows:		
Provision for impairment as at 30 June 2010	<u>800</u>	<u>800</u>
Charge for year	-	-
Written off	-	-
Provision for impairment as at 30 June 2011	<u>800</u>	<u>800</u>
Charge for year	-	-
Written off	-	-
Provision for impairment as at 30 June 2012	<u>800</u>	<u>800</u>

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 PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 6 - TRADE AND OTHER RECEIVABLES (CONT)

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 \$	
2012							
Trade and term receivables	144,529	800	124,633	10,029	8,454	613	124,633
Other receivables	72,443	-	72,443	-	-	-	72,443
Total	144,529	800	124,633	10,029	8,454	613	124,633
2011							
Trade and term receivables	107,257	800	8,036	56,305	-	-	8,036
Other receivables	20,547	-	20,547	-	-	-	20,547
Total	127,804	800	8,036	56,305	-	-	28,583

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

	2012 \$	2011 \$
NOTE 7 - OTHER CURRENT ASSETS		
CURRENT		
Prepayments	<u>37,543</u>	<u>29,563</u>
	<u>37,543</u>	<u>29,563</u>

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
NOTE 8 - PROPERTY, PLANT AND EQUIPMENT		
NON CURRENT		
Land and Buildings		
Land - at valuation	1,200,000	986,667
Building - at valuation	826,666	826,667
Less accumulated depreciation	(41,334)	(20,667)
Total Buildings	785,332	806,000
Total Land and Buildings	1,985,332	1,792,667
Plant and Equipment		
Office equipment and furniture - at cost	273,219	254,585
Less accumulated depreciation	(128,715)	(91,745)
	144,504	162,840
Motor vehicles - at cost	172,305	155,464
Less accumulated depreciation	(56,069)	(72,524)
	116,235	82,940
Total Plant and Equipment	260,739	245,780
Total Property, Plant and Equipment	2,246,071	2,038,447

(a) Valuations of land

The valuation basis of land 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 2012 revaluations were made based on independent assessments by a member of the Australian Property Institute as at 1 July 2011.

(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:

	Land	Buildings	Equipment & Furniture	Motor Vehicles	Total
	\$	\$	\$	\$	\$
2012					
Balance at the beginning of the year	986,667	805,999	162,840	82,940	2,038,446
Additions	-	-	20,724	65,691	86,415
Write offs	-	-	(1,700)	(6,613)	(8,313)
Depreciation expense	-	(20,667)	(37,360)	(25,783)	(83,809)
Revaluation	213,333	-	-	-	213,333
Carrying amount at the end of the year	1,200,000	785,332	144,504	116,235	2,246,071
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	(235,587)	-	-	(93,491)
Carrying amount at the end of the year	986,667	805,999	162,840	82,940	2,038,447

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	\$	\$
NOTE 9 - INVESTMENT PROPERTY		
Investment Property	1,013,334	906,667
For details of the valuation refer Note 8(a)		
 NOTE 10 - TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors and accruals	167,031	205,434
GST received	6,894	7,648
Employee benefits - annual leave - employees	131,275	123,252
	<u>305,201</u>	<u>336,334</u>
a. Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables	305,201	336,334
Total current	-	-
Total non-current	<u>305,201</u>	<u>336,334</u>
Less annual leave entitlements	<u>(131,275)</u>	<u>(123,252)</u>
Financial liabilities as trade and other payables	<u>173,925</u>	<u>213,082</u>
 NOTE 11 - SHORT-TERM PROVISIONS		
Provision for long service leave - employees	111,242	112,246
Provision for long service leave - office holders	-	-
Aggregate employee entitlement liability	<u>111,242</u>	<u>112,246</u>
Number of employees at year end	<u>20</u>	<u>20</u>
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 - provision for long service leave	112,246	78,576
Additional provision raised during the year	<u>(1,004)</u>	<u>33,670</u>
Balance 30 June	<u>111,242</u>	<u>112,246</u>

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	\$	\$
NOTE 12 - FINANCIAL BORROWINGS		
CURRENT		
Hire purchase - Guild Insurance (a)	10,390	-
	<hr/>	
	10,390	-
	<hr/>	
NON CURRENT		
Hire purchase - Guild Insurance (a)	59,465	-
Loan from Guild Insurance - secured (b)	1,000,000	1,000,000
	<hr/>	
Total Financial Borrowings	1,059,465	1,000,000
	<hr/>	

(a) The Hire purchase liability is for two motor vehicles.

(b) 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	17,152	29,403
- Later than one year but less than three years	-	17,152
	<hr/>	
Total	17,152	46,555
	<hr/>	

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

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 (Resigned Nover B R Schultz (Deceased)	
S McGregor	Z Seman
G Scarlett (Appointed Novemt A Doan (Appointed November 2011)	
H Flannery (Appointed November 2011)	

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:

	2012	2011
	\$	\$
Committee Members' remuneration		
- Gross remuneration	<u>74,192</u>	<u>66,631</u>
Total remuneration	<u>74,192</u>	<u>66,631</u>
Remuneration - employees including Branch Director (other than holders of office)	<u>1,194,194</u>	<u>1,144,090</u>
The aggregate amount of employee benefits payable to the Branch Director	<u>21,434</u>	<u>24,830</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 (2011: Nil).

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

f) Amounts receivable/accrued for commissions from related parties - current

Guild Insurance Ltd	10,000	8,000
Gold Cross Products and Services	10,000	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	171,733	150,592
Gold Cross Products and Services	47,271	45,070

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

	428,646	398,890
--	---------	---------

The aggregate of membership expenses payable to the ultimate controlling entity

	-	-
--	---	---

i) Amount receivable/(payable) to related parties:

- Guild Insurance - Hire purchase liabilities	(69,855)	-
- Pharmacy Guild Australia	48,483	11,587

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 15 - KEY MANAGEMENT PERSONNEL COMPENSATION

	Short- term benefits \$	Post- employment benefits \$	Other Long-term benefits \$	Total \$
2012				
Total compensation	202,561	-	-	202,561
2011				
Total compensation	177,913	-	-	177,913

NOTE 16 - SEGMENT REPORTING

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

NOTE 17 - CASH FLOW INFORMATION

	2012 \$	2011 \$
(a) Reconciliation of cash:		
Cash on hand	200	200
Cash at bank	163,104	156,703
	<u>163,304</u>	<u>156,903</u>
(b) Reconciliation of profit/(loss) from operations to net cash provided by operating activities:		
Profit/(Loss) from operations	178,855	(507,327)
Non-cash flows in profit from operations:		
Depreciation - property, plant and equipment	83,809	81,569
Gain/loss on plant equipment	(256)	2,214
Net revaluation decrement		235,589
Net movement on investment property	(106,667)	521,168
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(89,168)	(2,124)
(Increase)/decrease in prepayments	(7,980)	(11,499)
Increase/(decrease) in payables/unearned income	(43,199)	245,661
Increase/(decrease) in provisions	(1,003)	33,670
Net cash provided by/(used in) operating activities	<u>14,390</u>	<u>129,921</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) During the year the Branch entered into two hire purchase agreements for the purchase of motor vehicles with Guild Insurance.		
(e) Cash flows from		
Guild Insurance Ltd	169,733	142,592
Gold Cross Products and Services	40,271	42,070

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 18 - 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 2012 and 30 June 2011 are as follows:

	2012	2011
	\$	\$
Total Borrowings	1,059,855	1,000,000
Less cash and cash equivalents	<u>(163,304)</u>	<u>(156,903)</u>
Net debt	<u>896,551</u>	<u>843,097</u>
Total equity (reserves + retained earnings)	<u>1,957,319</u>	<u>1,565,131</u>
Total capital	<u>2,853,870</u>	<u>2,408,228</u>
Gearing ratio	31%	35%

NOTE 19 - BRANCH DETAILS

The principal place of business of the branch is:

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



FAIR WORK
COMMISSION

9 April 2013

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

Email: guildsa@guild.org.au

Dear Mr Todd

Re: Financial Report for The Pharmacy Guild of Australia for year ended 30 June 2012 - FR2012/270

I acknowledge receipt of the general purpose financial report ('the report') of The Pharmacy Guild of Australia - South Australia branch (the Branch) for the year ended 30 June 2012. The report was lodged with Fair Work Australia on 26 September 2012.

The financial report has not been filed at this point.

I have examined the financial reports and have identified a number of matters which do not comply with the financial reporting obligations under the *Fair Work (Registered Organisations) Act 2009* (the RO Act). Some of these matters were drawn to the Branch's attention in respect of its 2011 financial report. The details of these matters are set out below and are required to be satisfactorily addressed before the report can be filed.

Supplementary or corrected information needs to be provided in a notice to members of the Branch organised under the headings detailed below. The notice needs to state that the information is required to be provided pursuant to the Branch's financial reporting obligations and will be presented in future reports where required. The notice must be provided to members as soon as practicable. This can be done by publishing it on the organisation's website. A copy of the notice must also be provided to the Regulatory Compliance Branch at the Fair Work Commission.

Disclosure of employee benefits to office holders and other employees

The Reporting Guidelines (RGs) require reporting units to separately disclose in the income statement or in the notes to the financial statements employee benefits to holders of office (item 11(g)) and employee benefits to other employees (item 11(h)).

Employee remuneration information in the income statement and in note 14 titled 'Related Parties' does not make the necessary distinction between office holders and other employees. In this regard, note 14(c) displays two single line items, the first is 'Committee Members and Branch Directors remuneration - Gross remuneration' and the second is 'Remuneration - employees including Branch Director (other than holders of office)'. Both lines appear to include the Branch Director and therefore the distinction between remuneration for holders of office and remuneration for other employees is not clearly made.

Further, the total remuneration in note 14 does not appear to match the amount disclosed as employee benefits expenses in the statement of comprehensive income.

Please disclose in the notice to members:

- Employee benefits to holders of officer (this would not include benefits to the Branch Director)
- Employee benefits to other employees (this would include benefits to the Branch Director)

If the total amount varies from that in the statement of comprehensive income, please provide an explanation for the variation.

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

The RGs also require either the balance sheet or the notes to disclose separately any liability for employee benefits in respect of office holders and other employees (items 14(c) and 14 (d)).

Note 11 discloses short term provisions for employees, but does not provide for short -term provisions for holders of office. Please disclose in the notice to members any short-term provisions for holders of officer. If none were made, please indicate this accordingly in the notice to members.

Disclosure of affiliation fees

Item 11(d) of the RGs requires separate disclosure of affiliation fees paid to political parties and industrial bodies, for example, to be made.

Note 4 discloses 'Subscriptions and memberships'. As advised in our correspondence of 20 October 2011, if any of these items relate to affiliation fees the total amount of affiliation fees must be disclosed. Please confirm with the Fair Work Commission whether the item 'Subscriptions and memberships' includes affiliations paid to political or industrial bodies (as per RG item 11(d)), and if so please ensure the total amount of affiliations is disclosed in the notice to members.

Payables to the national body

Item 13 of the RGs requires either the balance sheet or the notes to the balance sheet to disclose any liabilities owed to other reporting unit(s), including the name of the other reporting unit(s). Note 14(h) discloses the aggregate of membership expenses paid or payable to the national body of the PGA but does not detail the amount payable.

Please disclose in the notice to members the amount payable to the national body of the PGA.

Notes to the Statement of Cash Flows

As advised in our correspondence of 20 October 2011, item 15 of the RGs provides that where another reporting unit of the organisation is the source of a 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/s concerned. Note 17 titled 'Cash Flow Information' contains information in relation to cash flows, changes in assets and liabilities and outstanding loans but does not detail the information required by item 15 of the RGs.

Please disclose in the notice to members the amount of cash flows to and from other reporting units of The Pharmacy Guild of Australia and the names of the other reporting units.

References to outdated legislation

All references to the Registration and Accountability of Organisations (RAO) Schedule, the RAO Regulations and the Industrial Registrar in the Committee of Management Statement, the

Operating Report and in Note 2 to the financial statements should properly refer to the *Fair Work (Registered Organisations) Act 2009 (RO Act)*, the *Fair Work (Registered Organisations) Regulations 2009* (the Regulations) and the General Manager of the Fair Work Commission.

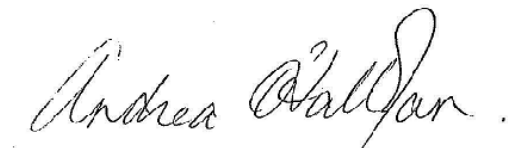
I note that the Branch has been previously advised by Fair Work Australia of this requirement. In order to ensure that the matter is remedied for the 2012 report, please advise members in the notice to them that the Committee of Management Statement, the Operating Report and the notes to the financial statement contained errors insofar as they referred to the *RAO Schedule* instead of the *Fair Work (Registered Organisations) Act 2009*, the *RAO Regulations* instead of the *Fair Work (Registered Organisations) Regulations 2009*, and the *Industrial Registrar* instead of the *General Manager of the Fair Work Commission*.

Also, note 2 to financial statements refers to the *Fair Work Act 2009*, whereas it should refer to the *Fair Work (Registered Organisations) Act 2009*. Please advise members in the notice to them that note 2 to the financial statements should have referred to *Fair Work (Registered Organisations) Act 2009*, instead of the *Fair Work Act 2009*.

Please also note that following the renaming of the tribunal to the Fair Work Commission on 1 January 2013, references to the tribunal in future financial reports will need to be adjusted accordingly.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7762 or by email at Andrea.OHalloran@fwc.gov.au.

Yours sincerely

A handwritten signature in black ink, reading "Andrea O'Halloran". The signature is written in a cursive style with a period at the end.

Andrea O'Halloran
Regulatory Compliance Branch
Fair Work Commission



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 23rd August 2012 and
- that the full report was presented to a general meeting of members of the reporting unit on 25th September 2012 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature

25th September 2012

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 2012

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

OPERATING REPORT YEAR ENDED 30 JUNE 2012

Your Branch Committee present their report on the Pharmacy Guild of Australia (SA Branch) for the financial year ended 30 June 2012.

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 (deceased November 2011)
- P.D. Simmons (Vice President – Finance)
- P.N. Hocking (resigned November 2011)
- S. McGregor (National Councillor)
- Z. Seman
- L. Broomhead
- N. Panayiaris
- G Scarlett (appointed November 2011)
- H Flannery (appointed November 2011)
- A Doan (appointed November 2011)

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

The profit of the Branch for the financial year amounted to \$178,855 (2011: loss of \$507,327).

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 291 members.

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**OPERATING REPORT (CONT)
YEAR ENDED 30 JUNE 2012**

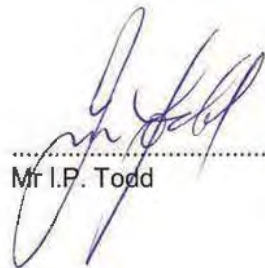
Insurance of Officers

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 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)

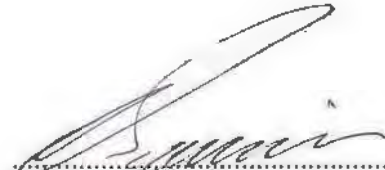
**BRANCH COMMITTEE STATEMENT
YEAR ENDED 30 JUNE 2012**

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 21 August 2012, 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 2012 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 21st day of August 2012


.....
I P Todd


.....
P D Simmons

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDE 30 JUNE 2012

	Note	2012 \$	2011 \$
Revenue	3	2,775,727	2,544,880
Employee benefits expense		1,268,386	1,303,818
Depreciation		83,809	80,846
Electricity		17,111	11,946
Finance costs		59,816	60,965
Insurance		25,108	22,734
Leasing Equipment		21,568	31,711
Rates and Taxes		49,332	45,059
Membership expense - National		428,646	398,891
Telephone		21,691	28,270
(Gain)/loss on disposal of fixed assets		(256)	2,660
Other expenses	4	728,328	777,550
Profit/(loss) from operations		<u>72,188</u>	<u>(219,571)</u>
Net gain/(loss) on fair market value of investment property		106,667	(52,168)
Revaluation decrement - buildings		-	<u>(235,589)</u>
Net profit/(loss) attributable to members		<u>178,855</u>	<u>(507,328)</u>
Other comprehensive income			
Net gain on the revaluation of property, plant and equipment recognised directly in equity		213,333	142,097
Total other comprehensive income/(loss) for the year		<u>213,333</u>	<u>142,097</u>
Total comprehensive income/(loss) attributable to members of the entity		<u>392,188</u>	<u>(365,231)</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 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	163,304	156,903
Trade and other receivables	6	216,172	127,004
Other current assets	7	37,543	29,563
TOTAL CURRENT ASSETS	8	<u>417,019</u>	<u>313,470</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,246,071	2,038,447
Investment property	9	1,013,334	906,667
TOTAL NON-CURRENT ASSETS		<u>3,259,405</u>	<u>2,945,114</u>
TOTAL ASSETS		<u>3,676,424</u>	<u>3,258,584</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	305,201	336,334
Income received in advance		232,807	244,873
Short-term provisions	11	111,242	112,246
Borrowings	12	10,390	-
TOTAL CURRENT LIABILITIES		<u>659,640</u>	<u>693,453</u>
NON-CURRENT LIABILITIES			
Borrowings	12	1,059,465	1,000,000
TOTAL NON CURRENT LIABILITIES		<u>1,059,465</u>	<u>1,000,000</u>
TOTAL LIABILITIES		<u>1,719,105</u>	<u>1,693,453</u>
NET ASSETS		<u>1,957,319</u>	<u>1,565,131</u>
EQUITY			
Reserves		355,430	142,097
Retained earnings		1,601,889	1,423,034
TOTAL EQUITY		<u>1,957,319</u>	<u>1,565,131</u>

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 2012

	Asset Revaluation Reserve \$	Retained Earnings \$	Total \$
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
Profit attributable to members	-	178,855	178,855
Net revaluation increment	213,333	-	213,333
Balance at 30 June 2012	355,430	1,601,889	1,957,320

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 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,653,945	2,646,722
Payments to suppliers and employees		(2,600,268)	(2,477,919)
Interest received		20,529	22,084
Borrowing costs		(59,816)	(60,966)
Net cash provided by/(used in) operating activities	17(b)	14,390	129,921
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		8,182	566
Payment for property, plant and equipment		(12,432)	(26,194)
Net cash (used in) investing activities		(4,250)	(25,628)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(3,739)	(61,270)
Net cash (used in) financing activities		(3,739)	(61,270)
Net (decrease)/increase in cash and cash equivalents		6,401	43,023
Cash and cash equivalents at the beginning of the year		156,903	113,880
Cash and cash equivalents at the end of the year	17(a)	163,304	156,903

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 2012

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 2012

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 2012

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.

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 2012**

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.

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 2012**

	2012	2011
	\$	\$
NOTE 3 - REVENUE FROM ORDINARY ACTIVITIES		
Operating Activities		
Members subscriptions	724,350	674,125
Nominal members subscription	1,968	3,800
Clearing house subscription	2,625	3,051
Administration fees - SA Pharmacists Co-operative Ltd	5,000	8,000
Commission	221,024	198,039
Training income including Northern Territory	416,704	519,394
Quality care income	147,867	128,900
Needle exchange programme	82,068	81,602
QUMAX income	35,360	34,000
Sundry income	98,205	30,360
EML	92,518	89,800
Pharmacy Community Forum	-	199,473
Pharmacy Liaison Officer	70,000	70,000
Rental income	86,644	83,463
Payroll services	513,768	398,789
Community Strategy Program	134,000	-
Community Pharmacy Campaign	18,675	-
Sponsorship Forum	104,402	-
	<u>2,755,178</u>	<u>2,522,796</u>
Non-Operating Activities		
Interest received from other persons	20,549	22,084
	<u>2,775,727</u>	<u>2,544,880</u>

NOTE 4 - OTHER EXPENSES FROM ORDINARY ACTIVITIES

Remuneration of auditor - audit or review service	4,925	10,224
Total remuneration	<u>4,925</u>	<u>10,224</u>
Advertising	10,200	12,953
Bank fees	13,520	12,960
Committee Expenses	6,060	1,831
Catering	4,603	6,399
Cleaning	10,719	9,301
Conference expenses	5,622	21,584
Donations & Sponsorships	10,852	8,402
Entertainment	15,651	8,955
IT expenses	35,351	38,007
Legal expenses	7,407	4,689
Motor vehicles	21,252	22,603
payroll service	141,381	119,128
postage & freight	19,100	34,593
pharmacy forum	124,471	183,726
Printing & stationery	45,187	32,329
subscriptions & memberships	5,227	6,763
travel expense	27,415	29,026
waste management	31,101	24,586
EML - pinnacle	79,245	74,073
Consultant fees	52,373	64,742
Repairs and maintenance	8,854	11,521
Sundry expenses	47,812	39,155
	<u>728,328</u>	<u>777,550</u>

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
NOTE 5 - CASH AND CASH EQUIVALENTS		
Cash on hand	200	200
Cash at bank	163,104	156,703
	<u>163,304</u>	<u>156,903</u>

NOTE 6 - TRADE AND OTHER RECEIVABLES

CURRENT

Trade debtors	144,529	107,257
Provisions for impairment	(800)	(800)
	<u>143,729</u>	<u>106,457</u>
Other debtors	57,771	13,846
GST paid	14,672	6,701
Other Receivables	<u>72,443</u>	<u>20,547</u>
Total Current Trade and Other Receivables	<u>226,926</u>	<u>127,004</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 2010	<u>800</u>	<u>800</u>
Charge for year	-	-
Written off	-	-
Provision for impairment as at 30 June 2011	<u>800</u>	<u>800</u>
Charge for year	-	-
Written off	-	-
Provision for impairment as at 30 June 2012	<u>800</u>	<u>800</u>

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

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 not impaired (days overdue)				Within initial trade terms \$	
		and impaired \$	<30 \$	31-60 \$	61-90 \$		>90 \$
2012							
Trade and term receivables	144,529	800	124,633	10,029	8,454	613	124,633
Other receivables	72,443	-	72,443	-	-	-	72,443
Total	144,529	800	124,633	10,029	8,454	613	124,633
2011							
Trade and term receivables	107,257	800	8,036	56,305	-	-	8,036
Other receivables	20,547	-	20,547	-	-	-	20,547
Total	127,804	800	8,036	56,305	-	-	28,583

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

NOTE 7 - OTHER CURRENT ASSETS

CURRENT

	2012 \$	2011 \$
Prepayments	37,543	29,563
	<u>37,543</u>	<u>29,563</u>

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
NOTE 8 - PROPERTY, PLANT AND EQUIPMENT		
NON CURRENT		
Land and Buildings		
Land - at valuation	1,200,000	986,667
Building - at valuation	826,666	826,667
Less accumulated depreciation	(41,334)	(20,667)
Total Buildings	785,332	806,000
Total Land and Buildings	1,985,332	1,792,667
Plant and Equipment		
Office equipment and furniture - at cost	273,219	254,585
Less accumulated depreciation	(128,715)	(91,745)
	144,504	162,840
Motor vehicles - at cost	172,305	155,464
Less accumulated depreciation	(56,069)	(72,524)
	116,235	82,940
Total Plant and Equipment	260,739	245,780
Total Property, Plant and Equipment	2,246,071	2,038,447

(a) Valuations of land

The valuation basis of land 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 2012 revaluations were made based on independent assessments by a member of the Australian Property Institute as at 1 July 2011.

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012

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:

	Land	Buildings	Equipment and Furniture	Motor Vehicles	Total
	\$	\$	\$	\$	\$
2012					
Balance at the beginning of the year	986,667	805,999	162,840	82,940	2,038,446
Additions	-	-	20,724	65,691	86,415
Write offs	-	-	(1,700)	(6,613)	(8,313)
Depreciation expense	-	(20,667)	(37,360)	(25,783)	(83,809)
Revaluation	213,333	-	-	-	213,333
Carrying amount at the end of the year	1,200,000	785,332	144,504	116,235	2,246,071

	Land	Buildings	Equipment and Furniture	Motor Vehicles	Total
	\$	\$	\$	\$	\$
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	(235,587)	-	-	(93,491)
Carrying amount at the end of the year	986,667	805,999	162,840	82,940	2,038,447

	2012	2011
	\$	\$
NOTE 9 - INVESTMENT PROPERTY		
Investment Property	1,013,334	906,667

For details of the valuation refer Note 8(a)

NOTE 10 - TRADE AND OTHER PAYABLES

CURRENT

Trade creditors and accruals	167,031	205,434
GST received	6,894	7,648
Employee benefits - annual leave - employees	131,275	123,252
	<u>305,201</u>	<u>336,334</u>
a. Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables	305,201	336,334
Total current	-	-
Total non-current	<u>305,201</u>	<u>336,334</u>
Less annual leave entitlements	<u>(131,275)</u>	<u>(123,252)</u>
Financial liabilities as trade and other payables	<u>173,925</u>	<u>213,082</u>

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012 \$	2011 \$
NOTE 11 - SHORT-TERM PROVISIONS		
Provision for long service leave - employees	111,242	112,246
Aggregate employee entitlement liability	111,242	112,246
Number of employees at year end	20	20

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 - provision for long service leave	112,246	78,576
Additional provision raised during the year	(1,004)	33,670
Balance 30 June	111,242	112,246

NOTE 12 - FINANCIAL BORROWINGS

CURRENT

Hire purchase - Guild Insurance (a)	10,390	-
	10,390	-

NON CURRENT

Hire purchase - Guild Insurance (a)	59,465	-
Loan from Guild Insurance - secured (b)	1,000,000	1,000,000
Total Financial Borrowings	1,059,465	1,000,000

(a) The Hire purchase liability is for two motor vehicles.

(b) 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	17,152	29,403
- Later than one year but less than three years	-	17,152
Total	17,152	46,555

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

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 (Resigned November 2011)	B R Schultz (Deceased)
S McGregor	Z Seman
G Scarlett (Appointed November 2011)	A Doan (Appointed November 2011)
H Flannery (Appointed November 2011)	

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:

	2012	2011
	\$	\$
Committee Members' and Branch Directors remuneration		
- Gross remuneration	202,561	177,913
Total remuneration	<u>202,561</u>	<u>177,913</u>
Remuneration - employees including Branch Director (other than holders of office)	1,194,194	1,144,090
The aggregate amount of employee benefits payable to the Branch Director	<u>23,313</u>	<u>24,830</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 (2011: Nil).

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

f) Amounts receivable/accrued for commissions from related parties - current

Guild Insurance Ltd	10,000	8,000
Guild Cross Products and Services	10,000	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	171,733	150,592
Other	42,271	45,070

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

	418,597	398,890
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i) Amount receivable/(payable) to related parties:

- Guild Insurance - Hire purchase liability	(69,855)	-
- National Secretariat	48,483	11,587

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15 - KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term benefits \$	Post-employment benefits \$	Other Long-term benefits \$	Total \$
2012				
Total compensation	202,561	-	-	202,561
2011				
Total compensation	177,913	-	-	177,913

NOTE 16 - SEGMENT REPORTING

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

NOTE 17 - CASH FLOW INFORMATION

(a) Reconciliation of cash:

	2012 \$	2011 \$
Cash on hand	200	200
Cash at bank	163,104	156,703
	<u>163,304</u>	<u>156,903</u>

(b) Reconciliation of profit/(loss) from operations to net cash provided by operating activities:

Profit/(Loss) from operations	178,855	(507,327)
Non-cash flows in profit from operations:		
Depreciation - property, plant and equipment	83,809	81,569
Gain/loss on plant equipment	(256)	2,214
Net revaluation decrement		235,589
Net movement on investment property	(106,667)	521,168
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(89,168)	(2,124)
(Increase)/decrease in prepayments	(7,980)	(11,499)
Increase/(decrease) in payables/unearned income	(43,199)	245,661
Increase/(decrease) in provisions	(1,003)	33,670
Net cash provided by/(used in) operating activities	<u>14,390</u>	<u>129,921</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) During the year the Branch entered into two hire purchase agreements for the purchase of motor vehicles with Guild Insurance.

THE PHARMACY GUILD OF AUSTRALIA (SA BRANCH)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 18 - 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 2012 and 30 June 2011 are as follows:

	2012 \$	2011 \$
Total Borrowings	1,059,855	1,000,000
Less cash and cash equivalents	<u>(163,304)</u>	<u>(156,903)</u>
Net debt	<u>896,551</u>	<u>843,097</u>
Total equity (reserves + retained earnings)	<u>1,957,319</u>	<u>1,565,131</u>
Total capital	<u>2,853,870</u>	<u>2,408,228</u>
Gearing ratio	31%	35%

NOTE 19 - BRANCH DETAILS

The principal place of business of the branch is:

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

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001
T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.granthornton.com.au

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 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 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 Branch Committee 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 Standards 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.

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

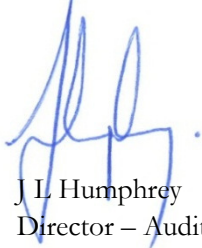
In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

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 2012 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, 21 August 2012