

The Pharmaceutical Society of Western Australia Inc

Special Purpose
Financial Report
For the Period
18 October to 31 December 2010

The Pharmaceutical Society of Western Australia Inc

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The Pharmaceutical Society of Western Australia Inc
Statement of Comprehensive Income
For the Period 18 October 2010 to 31 December 2010

	18 October 2010 to 31 December 2010 \$
Revenue	
Education	13,433
Trainees	-
Interest received	40,618
Journals	55
Publications for sale	3,990
Rent received	2,751
Subscriptions	-
Advertising Income	1,950
Sundry Income	200
Sponsorship	59
Total income	63,056
Expenditure	
Advertising	-
Audit & accountancy fees	13,235
Bank and credit card charges	881
Conference Expenses (PAC)	-
Computer software and consulting	11,015
Depreciation – buildings	1,484
Depreciation – computer equipment	330
Depreciation – motor vehicles	1,273
Depreciation – phone system	54
Depreciation – office equipment	504
Donations	-
Education	11,772
Electricity	1,119
Entertainment expenses	564
Fringe benefits tax	-
Function expenses	5,620
Insurance	-

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 4 to 14.

The Pharmaceutical Society of Western Australia Inc
Statement of Comprehensive Income (Continued)
For the Period 18 October 2010 to 31 December 2010

	18 October 2010 to 31 December 2010
Journals	49
Legal costs	4,095
Locum Fees	3,200
Loss on Sale of Non-Current Assets	4,143
Motor vehicle expenses	818
Newsletter expenses	8,442
Office expenses	1,459
Postage, taxis and messengers	420
Printing & stationery	2,693
Property expenses	3,240
Publications for sale	2,935
Public relations and representation costs	14,795
Salaries	96,525
Employee Entitlements	36,100
Subscriptions	18,832
Sundry Expenses	-
Superannuation contributions	15,921
Telephone	3,196
Trainees	-
Travelling expenses	2,272
Total expenditure	266,986
Operating (loss)/profit before related income tax expense	(203,930)
Income tax expense relating to ordinary activities	10,797
Net (loss)/profit after tax	(214,727)
Total Comprehensive (loss) income for the period	(214,727)

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 4 to 14.

The Pharmaceutical Society of Western Australia Inc
Statement of Financial Position
As at 31 December 2010

	Note	31 December 2010 \$
Current assets		
Cash assets	4	2,598,815
Receivables	5	56,569
Inventories	6	-
Other`	7	64,221
Total current assets		<u>2,719,605</u>
Non-current assets		
Property, plant and equipment	8	858,499
Total non-current assets		<u>858,499</u>
Total assets		<u>3,578,104</u>
Current Liabilities		
Payables	9	83,918
Provisions	10	106,165
Current tax liability	3	32,690
Other	11	19,886
Total Current Liabilities		<u>242,659</u>
Non-Current Liabilities		
Provisions	10	206,611
Total Non-Current Liabilities		<u>206,611</u>
Total Liabilities		<u>449,270</u>
Net Assets		<u>3,128,834</u>
Trust funds		
Trust capital	12	3,288,770
Reserves	13	54,791
Accumulated losses	14	(214,727)
Total trust funds		<u>3,128,834</u>

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 4 to 14.

The Pharmaceutical Society of Western Australia Inc
Notes to and forming part of the financial statements
For the Period 18 October 2010 to 31 December 2010

1 Statement of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

Prior to 18 October 2010, the Pharmaceutical Society of Western Australia (the Society) was established by virtue of the now repealed Pharmacy Act 1964 (the Act) as an unincorporated association in Western Australia. The Pharmaceutical Council of Western Australia (the Council) which was established by the Act managed the Society and act as trustee for the members of the Society. As of 17 October 2010, the Council ceased to be the manager of the Society upon repeal of the Act with the simultaneous introduction of uniform pharmacy legislative scheme across Australia.

As of 18 October 2010, the Society became incorporated under the Western Australia Association Incorporation Act 1987 as a legal entity capable of holding property in its own right.

Reporting Basis

In the opinion of the Committee of Management, the Society (the Association) is not a reporting entity. The financial report of the Society has been drawn up as a special purpose financial report for distribution to the members and for the purpose of fulfilling the requirements of the Constitution and Rules of the Society and the Associations Incorporation Act 1987.

The special purpose financial report has been prepared in accordance with the requirements of the Associations Incorporation Act 1987 and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board (AASB).

However the financial report does not include the disclosure requirements of the following pronouncements having a material effect:

- AASB 7 Financial Instruments: Disclosures
- AASB 101 Presentation of Financial Statements
- AASB 107 Cash Flow Statements
- AASB 112 Income Taxes
- AASB 116 Property, Plant & Equipment
- AASB 117 Leases
- AASB 124 Related Party Disclosure
- AASB 132 Financial Instruments: Disclosure and Presentation
- AASB 136 Impairment of Assets
- AASB 137 Provisions, Contingent Liabilities and Assets

The Pharmaceutical Society of Western Australia Inc
Notes to and forming part of the financial statements
For the Period 18 October 2010 to 31 December 2010

This is the first set of special purpose financial statements prepared by the Society when it became incorporated under the Western Australia Association Incorporation Act 1987 on the 18th October 2010, as such no comparative period disclosures are available.

(b) Revenue recognition

Revenues are recognised at fair value of the consideration received net of returns and allowances.

Revenue from all sources is recognised on the basis that reflects the timing, nature and value of the goods or services provided.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Rental income

Rental income is recognised when the invoice is raised.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

(d) Taxation

The income of the Society is subject to income tax on non-mutual profits, which is the effect of mutual dealings with the members of the Society are excluded when calculating taxable income. Income tax represents the amount of tax for the relevant reportable period. The income tax is calculated according to the provision of the income tax legislation and reported using the liability method.

The Pharmaceutical Society of Western Australia Inc
Notes to and forming part of the financial statements
For the Period 18 October 2010 to 31 December 2010

(e) Acquisitions of assets

All assets acquired including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the trust if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

Expenditure other than research and development, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably.

Land and Buildings

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent additional costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the entity in future years.

Costs that do not meet the criteria for capitalisation are expensed as incurred.

(f) Cash assets – Note 4

Cash assets are carried at face value of the amounts deposited or drawn. The carrying amounts of cash assets approximate net fair value.

(g) Receivables – Note 5

The collectability of debts is assessed at year-end and specific provision is made for any doubtful accounts. The carrying amount of receivables approximates net fair value.

(h) Inventories – Note 6

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

The Pharmaceutical Society of Western Australia Inc
Notes to and forming part of the financial statements
For the Period 18 October 2010 to 31 December 2010

1 Statement of significant accounting policies (continued)

(i) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets, reference is made to the depreciated replacement cost of the non-current assets.

Except where specifically stated, non-current assets are recorded at the lower of cost and recoverable amount.

(j) Depreciation and amortisation

Useful lives

All non-current assets, except the historical museum, have limited useful lives and are depreciated/amortised using the diminishing value method over their estimated useful lives. Land is not depreciated. The expected useful lives are as follows:

Buildings: 60 years
Motor Vehicles: 8 years
Plant & Equipment: 7.5 – 20 years
Fixtures and Fittings: 7.5 – 20 years
Computer Equipment: 3 – 4 years

Assets are depreciated or amortised from the date the asset is available and ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed.

The Pharmaceutical Society of Western Australia Inc
Notes to and forming part of the financial statements
For the Period 18 October 2010 to 31 December 2010

1 Statement of significant accounting policies (continued)

(k) Payables – Note 9

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days. The carrying amount of accounts payable approximates net fair value.

2 Establishment of the Society

The Society was established on 18 October 2010 was incorporated under the Western Australia Association Incorporation Act 1987.

Upon incorporation, the following net assets of the Society that were managed by the Council as manager of the Society and trustee for the members of the Society as at 17th October 2010 vested into the Association on the 18th October 2010.

	\$
Cash assets	2,706,527
Receivables	39,191
Inventories	-
Other	78,336
Property, plant and equipment	889,514
Payables	57,434
Provisions	286,604
Tax Liabilities	<u>26,021</u>
	<u>3,343,509</u>
Less amounts held in reserves	54,739
	<u><u>3,288,770</u></u>

The Pharmaceutical Society of Western Australia Inc
Notes to and forming part of the financial statements
For the Period 18 October to 31 December 2010

	31 December 2010 \$
3a Income tax	
Prima facie income tax expense calculated at 30% on the (Loss) from ordinary activities	(61,179)
Reduction in income tax expense due to:	61,179
Non-assessable mutual profit	-
Income tax expense attributable to profit from ordinary activities	10,797
Over / (under) provision	-
Net Income tax expense attributable to profit from ordinary activities	<u>10,797</u>
3b Current Tax Liability/(Asset)	
Opening Balance	-
Assumed liabilities	26,021
Current Income Tax Expense	10,797
Over / (under) provision	-
Payments made during the year	(4,128)
Closing Balance	<u>32,690</u>
4 Cash assets	
Cash on hand	150
Gold Term Deposit	889,357
Cash at bank	38,682
Clearing account	20,454
Term deposit – Benevolent Fund	4,912
Investment savings account – Chapter of Pharmacy History	11,663
Petty Cash	-
Petty Cash	250
Reward Account	14,088
HM Lyons Prize Fund	1,108
ANZ Cheque	43
Staff Retention Account	218,490
ANZ Online Saver	873,333
Telenet Saver	526,285
	<u>2,598,815</u>

The Pharmaceutical Society of Western Australia Inc
Notes to and forming part of the financial statements
For the Period 18 October 2010 to 31 December 2010

		31 December 2010 \$
5	Receivables	
	Current	
	Sundry debtors	24,690
	GST receivable	2,627
	Loans – Pharmaceutical Council of WA	312
	Accrued income	28,940
		56,569
		56,569
6	Inventories	
	Current	
	Stock on hand - at cost	-
		-
		-
7	Other assets	
	Current	
	Prepayments	64,221
		64,221
		64,221
8	Property, plant and equipment	
	Land and buildings – 21 Hamilton Street, Subiaco	
	Land at valuation	875,000
	Building at cost	
	Accumulated depreciation	(63,166)
	Total Land and Buildings	811,834
	Historical museum	
	At cost	23,634
	Accumulated depreciation	-
		23,634

The Pharmaceutical Society of Western Australia Inc
Notes to and forming part of the financial statements
For the Period 18 October 2010 to 31 December 2010

	31 December 2010 \$
8 Property, plant and equipment (continued)	
Office equipment	
At cost	16,986
Accumulated depreciation	(504)
	16,482
Computer equipment	
At cost	3,421
Accumulated depreciation	(330)
	3,091
Phone system	
At cost	3,512
Accumulated depreciation	(54)
	3,458
Total Plant and Equipment	46,665
Total Property, Plant and Equipment	858,499
 9 Payables	
Current	
Mastercard	571
Sundry creditors and accruals	83,347
	83,918

The Pharmaceutical Society of Western Australia Inc
Notes to and forming part of the financial statements
For the Period 18 October 2010 to 31 December 2010

	31 December 2010 \$
10 Provisions	
Current	
Provision for Annual leave	18,381
Provision for Long service leave	87,784
	106,165
Non-Current	
Provisions – Retention	206,611
<p>On 17 October 2010 the Pharmaceutical Council of Western Australia ceased to exist and was replaced by the Pharmacy Board of Australia and Pharmacy Registration Board of Western Australia resulting in a retention payment being due to certain staff. The outstanding amount is expected to be fully paid out once all matters relating to the Council have been finalised.</p>	
11 Other Liabilities	
Current	
Income in Advance	19,886
12 Trust capital	
Balance at the beginning of the year	-
Net assets vested into the association	3,288,770
Balance at the end of the year	3,288,770

The Pharmaceutical Society of Western Australia Inc
Notes to and forming part of the financial statements
For the Period 18 October 2010 to 31 December 2010

	31 December 2010 \$
13 Reserves	
Benevolent Fund	4,912
Reward Fund	13,482
HM Lyons Prize Fund	1,100
Chapter of Pharmacy History	35,297
Total	54,791
Movements during the year	
<i>Benevolent Fund</i>	
Balance at the beginning of the year	-
<i>Movements</i>	
Asset assumed	4,912
Interest	-
Balance at the end of the year	4,912
<i>Reward Fund</i>	
Balance at the beginning of the year	-
<i>Movements</i>	
Asset assumed	13,461
Interest	21
Balance at the end of the year	13,482
<i>HM Lyons Prize Fund</i>	
Balance at the beginning of the year	-
<i>Movements</i>	
Asset assumed	1,091
Interest	9
Prizes	-
Balance at the end of the year	1,100

The Pharmaceutical Society of Western Australia Inc
Notes to and forming part of the financial statements
For the Period 18 October 2010 to 31 December 2010

13 Reserves (continued)

	31 December 2010 \$
<i>Chapter of Pharmacy History</i>	
Balance at the beginning of the year	-
<i>Movements</i>	
Asset assumed	35,275
Interest	22
Closing Balance	35,297
Represented by:	
Cash at bank	11,663
Historical museum	23,634
	35,297

14 Accumulated income

Balance at the beginning of the year	-
Operating (loss)/profit after tax	(214,727)
Balance at the end of the year	(214,727)

15 Commitments and contingencies

No other contingencies or commitments that would have a material impact on the financial report exist as at the date of signing this report.

16 Events subsequent to balance date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the trustee, to affect significantly the operations of the trust, the results of those operations, or the state of affairs of the association in future financial years.

The Pharmaceutical Society of Western Australia Inc
Statement by trustee

In the opinion of the directors of the Pharmaceutical Society of Western Australia Inc:

- (a) the association is not a reporting entity;
- (b) the financial statements and notes, set out on pages 1 to 14, are drawn up so as to present fairly the financial position of the trust at 31 December 2010 and the results for the period 18 October 2010 to 31 December 2010 accordance with the basis of accounting described in Note 1(a).
- (c) there are reasonable grounds to believe that the trust will be able to pay its debt as and when they become due and payable.

Dated at this day of 2011.

Signed in accordance with a resolution of the directors

Mike Garlepp
Registrar