

PHARMACEUTICAL COUNCIL OF WESTERN AUSTRALIA

President:

Z.L. MULLEN F.P.S.

Members of the Council:

G. CECHELE, M.P.S.
R. J. DONNELLY, M.P.S.
M. J. GARLEPP, M.P.S.

J. L. HARVEY, F.P.S.
J. L. GIBSON, F.P.S.
A. RAMSHAW, M.P.S.

Registrar

R.J. BRENNAN, J.P.

Assistant to the Registrar

I.F. ZAKNICH

Manager, Continuing Education Programmes

M.A. WEIDINGER, M.P.S.

Manager, Training Programmes

R.E. CARR, F.P.S.

Address

21 Hamilton Street, Subiaco, 6008

Telephone (08) 9388 2886

Fax: (08) 9388 2940

E-Mail - pcwa@iinet.net.au

Website - www.pcwa.com.au

PAST PRESIDENTS

EDWARD MAYHEW	1892-05	STANLEY T. HUGHES	1967-70
EZRA PARRY	1906-09	JOHN M. O'HARA	1970-75
ARTHUR L. TILLY	1910-15	ERIC G. KIRK	1975-77
EDWARD A. SAGAR	1916-18	NEIL J. GENEVE	1977-81
JOSEPH B. GEORGE	1919-21	GLADYS A. HEEDES	1981-83
FRED P. GULLEY	1922-34	GEOFFREY C. MILLER	1983-86
HUGH O. HOWLING	1934-43	GEOFFREY J. LUDKINS	1986
THOS D.H. ALLAN	1943-50	JOHN M. O'HARA	1986-87
HARRY D. FITCH	1950-54	IAN C. HAMILTON	1987-91
REGINALD I. COHEN	1954-59	KEVIN T. McANUFF	1991-95
GEORGE H. DALLIMORE	1959-63	MALCOLM J. ROBERTS	1995
ALAN C. McWHINNEY	1963-67	KEVIN T. McANUFF	1996-04

ONE HUNDRED AND THIRTEENTH ANNUAL REPORT

1. DEATH OF THE PRESIDENT

The President of the Pharmaceutical Council of Western Australia, Kevin McAnuff, died in office on 18th January 2004.

Mr. McAnuff had been a member of the Council for nineteen years and was its President, over two separate terms, for twelve.

The enormity of his outstanding and unremitting dedication to the profession, the Society and its Council as well as to the welfare of community pharmacy was the basis of a huge volume of messages of condolences and led to the attendance of over eight hundred people at services in Perth and Canberra.

2. COUNCIL MEETINGS

The Council met in eleven ordinary and thirty special meetings during the year. In addition, Council was divided, as in previous years, into two standing committees for the detailed handling of business. The Legal and Administrative Committee met twelve times and the Professional Development Committee met seven times.

Attendances at the various meetings are shown hereunder:

Councillor	Ordinary Meetings	Special Meetings	Legal & Administrative Committee	Professional Development Committee
Cecchele G.	10	21	7	1
Donnelly R.	9	15	-	2
Garlepp M.	7	14	11	-
Harvey J.	10	27	10	-
McAnuff K. (to 18/1/04)		3	-	-
Mullen L.	11	23	9	2
Ramshaw A.	11	12	-	7
Gibson J. (from 1/4/04)	9	10	-	5

3. ELECTIONS

The terms of office of Professor Garlepp and Mrs. Mullen expired on 31st March. Mr. McAnuff's death caused a further vacancy.

Four nominations were received for the three vacancies and, after conducting an election, the Returning Officer, Mr. C. Manera M.P.S., declared Professor Garlepp and Mrs. Mullen re-elected and Mr. John Gibson elected for the residue of Mr. McAnuff's term of office which is due to expire on 31st March 2006.

4. OFFICERS

President:	Z.L. MULLEN, F.P.S.
Deputy President:	M.J. GARLEPP, M.P.S.
Honorary Treasurer:	R.J. DONNELLY, M.P.S.
Registrar:	R.J. BRENNAN,
Accountants:	MESSRS. TAYLOR WOODINGS
Auditors:	KPMG

5. PHARMACEUTICAL REGISTER

Pharmacists

Total Registered at 01/01/2004		1846
Add		
Local Registrants	100	
Other States	27	
Overseas	15	142
		1988
Deduct		
Resignations	49	
Removals	24	
Deaths	8	81
Total Registered at 31/12/04		1907

Categories

Age	Under 25		25-34		35-44		45-54		55 & Over		Total	
Gender	M	F	M	F	M	F	M	F	M	F	M	F
Proprietor/Partner			66	44	95	52	98	33	125	9	384	138
Community Pharmacist	36	77	118	272	46	123	45	63	115	36	360	571
Hospital Pharmacist	2	13	15	76	17	50	14	30	28	18	76	187
Other					2	1	1	3	7	4	10	8
Total Practising	38	90	199	392	160	226	158	129	275	67	830	904
Non Practising			5	11	8	18	8	15	78	30	99	74
Total Registered	38	90	204	403	168	244	166	144	353	97	929	978

Pharmacies

	Metro	Country	Total
Community	376	114	490
Hospital	5		5
Friendly Society	1		1
Total Pharmacies	382	114	496

The Council dealt with 142 applications for registration of pharmacists.

In addition it approved 9 applications for registration of new pharmacy premises, 55 for sales and other changes to ownership of existing pharmacies, 9 for approval of renovations and extensions, 32 for changes to trading names and 11 for relocation of pharmacies. Five pharmacies were closed.

6. PRE-REGISTRATION TRAINING PROGRAMME

Ninety-nine pre-registrants entered the programme of whom sixty-four had achieved successful completion to the end of the reporting period. The names of the remainder were expected to appear on the Register following successful completion early in 2005.

Lectures were presented over two days on three occasions throughout the year. Formalised small-group tutorial sessions, facilitated by qualified pharmacists, were again conducted during the year.

Growing competence was demonstrated by the submission throughout the year of assignment work and a record of learning. Preceptors were required to submit appraisals three times during the year to assist in monitoring progress towards achievement of required competency standards.

A national multiple choice question examination was also used to assess candidates' readiness to present for the *viva voce* examination. Workplace visits were conducted throughout the year by Council's officers or delegates.

The *viva voce* examination is designed to assess a candidate's competence to practise. The assessment is based on the profession's "Competency Standards for Pharmacists in Australia" published by the Pharmaceutical Society of Australia in consultation with full representation of the profession, including the Council. A revised edition of this document was published at the end of 2003 and as a consequence, the *viva voce* examination was correspondingly updated.

Candidates presented to two panels of practitioner examiners and were required to demonstrate knowledge of the quality use of medicines, drug information and pharmacy law and ethics. A total of 80 were successful during the four sets of examinations conducted.

A communication skills workshop was introduced for persons identified in workplace appraisals as being in need of assistance in this area. Fifteen preregistrants attended the two sessions provided. Their positive response led the Council to decide to continue to provide the service.

A detailed training plan was formulated by a focus group to assist preregistrants training in community and hospital settings to develop and demonstrate their competence to practise.

Preceptor training sessions were conducted in January, March and May, and another was provided to 101 preceptors in November in preparation for changes to be introduced to the workplace assessment of preregistrants in 2005.

The Council provided training and examination services to the Australian Pharmacy Examining Council Inc. (APEC) for six candidates whose pharmacy qualifications were gained in other countries. Three completed the requirements satisfactorily and were subsequently registered.

7. INSPECTORIAL VISITS

The primary purpose of visits to pharmacies is to safeguard the health and safety of the public through the maintenance of proper standards as required by the Pharmacy Act and Regulations.

The Council maintained its programme of pharmacy inspections to monitor standards of hygiene, equipment and reference material as well as to explain its policies in regard to professional practice standards.

8. DISCIPLINARY AND LEGAL ACTION

The Council received eleven complaints during the year.

Investigation led to the institution of disciplinary proceedings against five pharmacists who were dealt with in the manner shown hereunder. Two matters remained in abeyance until requirements for proceeding before the State Administrative Tribunal were established.

Cause of Action	Order
Misconduct – carried on practice in unregistered premises	Censured and ordered to pay costs of \$13,603.98
Impropriety – failed to notify closure of premises	Censured and ordered to pay costs included in above
Misconduct – removed drugs from pharmacy without consent or authority; used drugs for purposes which constituted abuse; falsified pharmacy records	Name erased from Register and ordered to pay \$374 costs
Misconduct – removed drugs from pharmacy without consent or authority; used drugs for purposes which constituted abuse; altered records, failed to enter records, entered false records	Name erased from Register and ordered to pay \$608.30 costs
Carelessness – labelling errors	Fined \$300 and ordered to pay \$165 costs
Impropriety – in possession of drugs without authority	Found not to have shown cause, adjourned to 2005 for submissions on penalty and costs
Misconduct – imported substances without necessary approvals	Found not to have shown cause, adjourned to 2005 for submissions on penalty and costs

Additionally, a summons was served on a pharmacist alleging certain matters.

The pharmacist submitted, as matters to be determined prior to consideration of allegations in the summons, that (a) the Council was not entitled to engage legal counsel to assist it at hearings and (b) the time for taking the proceedings had expired.

The Council determined that (a) it was empowered to engage counsel to assist it and (b) that a limit on time for taking proceedings did not apply to disciplinary proceedings.

The pharmacist lodged an appeal in the Supreme Court of Western Australia against the Council's latter decision. The appeal had not proceeded at the end of the reporting period.

9. CONTINUING EDUCATION

PROFESSIONAL DEVELOPMENT ASSURANCE PROGRAMME (PDAP)

Six hundred and fifty-seven pharmacists enrolled in the 2002-2004 cohort, of whom 655 accumulated points and 263 attained the required 60 or more points for recognition of successful completion. A total of 1323 pharmacists were enrolled in PDAP in the current (2003-2005 and 2004-2006) cohorts.

The PDAP Working Party held eleven meetings during the year to devise and trial test questions for the Annual Gold Questionnaire. Four hundred and thirty pharmacists completed and returned this year's questionnaire, of which 97 per cent achieved the required pass mark of 60 per cent. Two hundred and forty pharmacists achieved a result of 80 per cent or more correct, indicating the questionnaire was pitched at an appropriate level. The questionnaire has been adopted for use by pharmacists Australia-wide. Feedback indicated the questionnaire is a valuable competency assessment tool for pharmacists to apply to their practice.

The Working Party also considered applications for the allocation of points for continuing education, seminars and conferences provided by other organisations.

LECTURE SERIES

Attendances of pharmacists, graduate trainee pharmacists and pharmacy students supported a lecture series conducted between February and November. The Society was again fortunate to receive excellent support from expert clinicians in delivering this year's programme.

Topics presented were:

- The Vitamin Vortex: Are We Being Sucked In?
- Drug Interactions - Which Ones Matter?
- Ischaemic Heart Disease
- May Seminar: And The Beat Goes On - Heart Failure and Arrhythmias
- Joint Society of Hospital Pharmacists of Australia / Pharmaceutical Society of Western Australia presentation
- Drugs, Disease and Disasters
- Effective Treatments For Obesity: Slim Pickings?
- Mood Disorders: Depression And Bipolar Disorder
- The Liver: Physiology, Pharmacology And Pegylation
- Tailor-made Drugs: The Promise of Pharmacogenetics
- Osteoporosis

MEDICATION MANAGEMENT REVIEW, TRAINING AND SUPPORT

In response to growing demand for medication review services in residential aged care facilities (RMMR) and in the home (HMR), the Council delivered a Stage 1 medication review course in July

and August. Eleven pharmacists completed the course.

A decision was taken to schedule further courses in 2005 and to establish support groups to encourage pharmacists to complete the second (assessment) phase of accreditation.

RESCHEDULING OF ORLISTAT (XENICAL®)

In May 2004 the intestinal lipase inhibitor orlistat, a weight loss aid, was rescheduled from a Prescription Medicine to a Pharmacist-Only Medicine. To ensure pharmacists could appropriately manage requests for this medication, the Council delivered a dedicated evening presentation utilising an agreed national protocol for supply of the medicine. Two hundred and ninety pharmacists attended the event. The manufacturer participated in the event to help ensure delivery of consistent information to practitioners by its representatives.

Guidelines for handling requests for orlistat were sent to all pharmacists in the state. This helped facilitate consistent assessment of requests for supply and reinforced the profession's commitment to high quality pharmacy services.

DISPENSARY COMPUTER SYSTEMS TRAINING

Lack of familiarity with dispensary computer recording systems is a common area of concern among pharmacists intending to return to community practice. In the past the Council has included a session on dispensary computer recording systems as part of its Refresher Course. To make this even more beneficial for practitioners needing to improve their skills in this area, three workshops were held with expertise provided by the School of Pharmacy at Curtin University of Technology. The workshops provided one-to-one training on systems in use in everyday practice.

ANNUAL SEMINAR

The theme of the Society's 2004 Annual Seminar was "And the Beat Goes On: Heart Failure and Arrhythmias." It provided valuable information on the management of two prevalent cardiac disorders. Two hundred and fifty-nine delegates received thorough updates including a comprehensive review of drug therapy contributors to heart failure. Participants lauded the high standard of presentations and their relevance to everyday pharmacy practice, a key aim of all of the Society's continuing education and professional development events.

The seminar was strongly supported by the pharmaceutical industry with 19 exhibitors contributing to the success of the event. Displays were of a high standard and added significant value to the learning experience. Exhibitors expressed pleasure with their investment and their appreciation of the interest taken by delegates.

The Council once again received generous support from Mayne Healthcare to present the lecture series, special programmes and annual seminar and is most grateful for Mayne's commitment to the profession.

10. OPIOID PHARMACOTHERAPIES

The Council continued to work with the Department of Health and the Drug and Alcohol Office in their endeavour to provide a safe and efficient programme to deliver methadone and buprenorphine for the treatment of opiate dependence.

The Drug and Alcohol Office (DAO) carries responsibility for provision of services, both medical and pharmaceutical, under the Community Programme for Opioid Pharmacotherapy (C-POP).

The management of the programme was restructured during the year which resulted in the formation of four committees – a Management Group, a Professional Review Group, a Pharmacotherapies Advisory Group and a Mortality Review Committee.

The Council was represented on the Professional Review Group and the Pharmacotherapies Advisory Group.

The former oversees training and authorisation of prescribers and dispensers and considers complaints. The latter is comprised of stakeholders, including pharmacists who provide services in the area, whose task is to ensure practicality of policy and programmes.

At 30 September 2004 there were 2965 patients and 320 pharmacies authorised to participate in the C-POP.

11. FELLOWSHIP OF THE SOCIETY

The rules of the Society empower the Council to designate as Fellows members who have attained exceptional proficiency in a field or subject embraced by or related to the practice of pharmacy.

The Council granted an application by Jenny Tan on this basis.

Jenny joined the other ninety-eight pharmacists whose membership was current at this elevated level.

12. ANNUAL PRIZE AND PRESENTATION NIGHT

One of the most important events on the Society's calendar is its annual prize and presentation night held every year in March.

High achievers in each year of study in the School of Pharmacy, in postgraduate studies and in the pre-registration training course were acknowledged before an audience of life members, Council members, supervising pharmacists and family members.

A highlight of the event was the presentation of the Eric Kirk Memorial Award.

Eric Kirk was an eminent leader who was responsible for significant developments in the profession. An award which recognises outstanding contribution to the development of professional practice in Western Australia was instituted to commemorate his legacy and was presented to Graham Greenhill.

New registrants and the member who had been elevated to the status of Fellow were presented to the Society and the inaugural Kevin McAnuff Address was delivered by the Hon. Michael Board, JP, MLA, Member for Murdoch.

Generous sponsorship by Pharmaceutical Defence Limited and Sigma W.A. Limited enabled the staging of this major event.

13. J. M. O'HARA RESEARCH FUND

As part of its statutory duty of managing the Pharmaceutical Society of Western Australia the Council has managed the Society's J. M. O'Hara Research Fund since it was established in 1976.

The Fund's objects include the granting of assistance for research in any branch of pharmaceutical sciences or in any aspect of the practice of pharmacy.

Grants totalling \$79,000 have been provided over the years to Society members to assist with research projects.

One project was current at the end of the year. It was an investigation titled "Digoxin-Macrolide Antibiotic Interactions: Clinical Significance and Predicting Patients at Risk." The project was granted assistance of \$10,000.

Two projects were completed during the year.

The Fund's assets stood at \$172,756 and have been accumulated entirely from the donations of Society members and interest.

14. COMMUNICATION WITH MEMBERS

Council continued to provide its regular bulletin, *Rescript*, to every member of the Society.

The publication brought contributions from the Society of Hospital Pharmacists, the School of Pharmacy, disease foundations and associations, regular articles on counselling and complementary medicines as well as the more traditional articles on practice matters, continuing education, Register changes and the President's comments on items of current interest.

15. COUNCIL OF PHARMACY REGISTERING AUTHORITIES

The Council is a member of the Council of Pharmacy Registering Authorities Inc. (COPRA). Other members are the Pharmacy and Pharmacists' Boards of Australian States and Territories and the Pharmacy Council of New Zealand while affiliate membership has been accorded to the Committee of Heads of Pharmacy Schools of Australia and New Zealand and the Australian Pharmacy Examining Council.

COPRA provides a focal point for coordinating the activities of its members to achieve as much consistency as possible nationally and internationally in the application of the various laws and practices which affect pharmacy. It also provides a forum for discussion of developments in the profession both nationally and internationally with a view to preparation of standards and legislation in anticipation of changing practices.

Through special purpose committees it assesses continuing education courses and providers and accredits schools of pharmacy and their courses in universities in both Australia and New Zealand.

Matters which received attention during the year included:

- Proper dealing with S2 and S3 products
- Reciprocal registration arrangements with Great Britain
- Trans-Tasman advertising scheme for therapeutic goods
- Competency-based re-registration
- Accreditation of providers of continuing professional development
- Accreditation of dispensary assistants
- Pre-registration training
- Mutual recognition of registration among Australian States and Territories, New Zealand and Singapore

16. REPRESENTATION ON OTHER BODIES

The Council was an active participant in deliberations of:

Australian Pharmacy Examining Council
Council of Pharmacy Registering Authorities
Pharmaceutical Society of Australia
Poisons Advisory Committee
W.A. Council on the Ageing
Australian Council of Professions
Community Programme for Opioid Pharmacotherapy
Monash University Pharmacy Practice Symposium

17. REPRESENTATION OF THE PROFESSION

The profession was represented in meetings with:

The Health Insurance Commission
The Royal Australian College of General Practice
Divisions of General Practice
Officers of the Department of Health
Officers of the Therapeutic Goods Administration
Officers of the Australian Medical Association
Officers of the Police Service
Pharmaceutical manufacturers and distributors
Officers of the Insurance Commission of Western Australia
Officers of the State Administrative Tribunal
Pharmaceutical Defence Limited

18. LEGISLATIVE REQUIREMENTS

The *Public Sector Management Act 1994* requires compliance with the Public Sector Code of Ethics by Councillors and Council staff and their adherence to a Code of Conduct consistent with that Code of Ethics. Council adopted, in 1998, a Code of Conduct after its acceptance by the Public Sector Standards Commissioner. The Code covers issues such as ethical obligations, conduct, accountability and privacy.

The conduct of Council's business and its administrative procedures complied with public sector standards, the Public Sector Code of Ethics and Council's Code of Conduct referred to above. No complaint was received in relation to breaches of standards.

As a public agency which is required to publish an annual report the Council is required by the *Electoral Act 1907* to disclose details of expenditure to certain organisations if that expenditure equalled or exceeded \$1,600 within thirty days after the polling day in a general election.

No such expenditure was incurred.

**The Pharmaceutical Council of
Western Australia**

**Special Purpose
Financial Report
Year ended
31 December 2004**

The Pharmaceutical Council of Western Australia

Contents

Profit and loss account	1
Balance sheet	3
Notes to the financial statements	4
Statement by council	23
Independent audit report	24

The Pharmaceutical Council of Western Australia

Profit and loss account

For the year ended 31 December 2004

	2004 \$	2003 \$
Income		
Course fees - APEC	660	750
Donations	70,000	-
Education	48,711	83,988
Expense recoveries	4,123	11,043
Handbook fees	21,799	14,782
Income from fines & costs	13,802	6,810
Interest received	11,182	34,082
Journals	47,972	89,567
Licences	251,720	240,100
Registration of premises	110,639	113,709
Registration / letters of identification	7,319	5,711
Publications for sale	171,700	127,349
Rent received	-	5,502
Subscriptions	207,926	365,611
Sundry income	2,784	5,028
Trainees	127,835	135,457
Total income	1,098,172	1,239,489
Expenditure		
Advertising	1,389	267
Audit & accountancy fees	38,666	30,800
Bank and credit card charges	7,003	10,754
Computer software and consulting	4,529	2,640
Depreciation – buildings	-	5,261
Depreciation – computer equipment	2,335	4,928
Depreciation – motor vehicles	5,125	12,689
Depreciation – phone system	258	128
Depreciation – office equipment	2,947	7,159

The profit and loss account is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 4 to 22.

The Pharmaceutical Council of Western Australia

Profit and loss account

For the year ended 31 December 2004

	2004 \$	2003 \$
Education	34,581	57,919
Electricity	4,672	5,670
Entertainment expenses	267	72
Fringe benefits tax	21,236	18,128
Function expenses	5,580	13,975
Handbook expenses	652	3,602
Insurance	2,195	3,154
Journals	279	79,185
Legal costs	116,995	94,407
Locum fees	30,360	30,841
Loss on sale of non-current assets	-	1,178
Motor vehicle expenses	6,114	8,434
Newsletter expenses	17,436	37,594
Office expenses	1,722	1,893
Postage, taxis and messengers	12,982	12,903
Printing & stationery	12,829	14,700
Property expenses	2,588	15,970
Publications for sale	143,866	125,990
Public relations and representations	4,262	8,861
Salaries	306,787	347,951
Subscriptions	47,080	51,938
Superannuation contributions	49,625	60,051
Telephone	10,722	12,035
Trainees	74,820	79,092
Travelling expenses	19,001	16,736
Total expenditure	988,903	1,176,905
Operating profit before related income tax expense	109,269	62,584
Income tax expense relating to ordinary activities	5	-
Net profit	109,269	62,584

The profit and loss account is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 4 to 22.

The Pharmaceutical Council of Western Australia

Balance sheet

As at 31 December 2004

	Note	2004 \$	2003 \$
Current assets			
Cash assets	6	108,926	907,172
Receivables	7	22,329	37,814
Inventories	8	-	6,106
Other	9	2,891	36,661
Total current assets		<u>134,146</u>	<u>987,753</u>
Non-current assets			
Property, plant and equipment	10	-	136,357
Total non-current assets		<u>-</u>	<u>136,357</u>
Total assets		<u>134,146</u>	<u>1,124,110</u>
Current liabilities			
Payables	11	46,092	129,796
Provisions	12	110,444	117,795
Other	13	-	9,298
Total current liabilities		<u>156,536</u>	<u>256,889</u>
Total liabilities		<u>156,536</u>	<u>256,889</u>
Net assets/(liabilities)		<u>(22,390)</u>	<u>867,221</u>
Available funds			
Accumulated surplus / (deficit)	14	(22,390)	808,608
Reserves	15	-	58,613
Total available funds / (net deficiency)		<u>(22,390)</u>	<u>867,221</u>

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 4 to 22.

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

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

In accordance with the operating structure of the Pharmaceutical Council of Western Australia ("the Council") as set out in Note 2, the financial report of the Council contains the financial transactions of both the Pharmaceutical Council of Western Australia for the 12 month period ended 31 December 2004 and the Pharmaceutical Society of Western Australia ("the Society") for the six month period 1 January 2004 to 30 June 2004.

In the opinion of the Council's management, the Council is not a reporting entity. The financial report of the Council has been drawn up as a special purpose financial report for the purpose of fulfilling the requirements of the Pharmacy Act 1964, the Rules of the Society, and for distribution to the members of the Society.

The financial report has been prepared on the accrual basis of accounting as defined in AAS 6 *Accounting Policies* using the historical cost convention and going concern assumption. Except where stated, it does not take into account changing money values or current valuations of non-current assets. Except where stated, the accounting policies have been consistently applied.

The financial report has been prepared in accordance with the requirements of the Pharmacy Act 1964 and the Rules of the Society. The recognition and measurement aspects of all applicable Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board that have a material effect have also been applied despite them not having mandatory applicability to the Council. However the financial report does not include the disclosure requirements of the following pronouncements having a material effect:

- AAS 4 Depreciation
- AAS 28 Statement of Cash Flows
- AAS 33 Presentation and Disclosure of Financial Instruments
- AAS 36 Statement of Financial Position
- AAS 37 Financial Report Presentation and Disclosures
- AASB 1018 Statement of Financial Performance
- AASB 1028 Employee Benefits
- AASB 1041 Revaluation of Non-Current Assets

(b) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Revenue from all sources is generally recognised when received.

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

1 Statement of significant accounting policies (continued)

(b) Revenue recognition (Continued)

Interest revenue

Interest revenue is recognised when it is received.

Rental income

Rental income is recognised when the invoice is raised.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(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 Council derived from its statutory function is exempt from income tax under Section 50-25 of the Income Tax Assessment Act 1997 due to its status as a public authority constituted under an Australian law. The income of the Council derived from its society function is subject to income tax on non-mutual profits, that is the effect of mutual dealings with the members of the Society are excluded when calculating taxable income.

(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.

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

1 Statement of significant accounting policies (continued)

(e) Acquisitions of assets (Continued)

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 company 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.

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 6

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 7

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 8

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

(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.

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

1 Statement of significant accounting policies (continued)

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

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, the relevant cash flows have not been discounted to their present value, except where specifically stated.

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 straight-line method over their estimated useful lives.

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, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

(k) Payables – Note 11

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.

(l) Employee benefits – Note 12

The provisions for employee entitlements to annual leave and long service leave represent present obligations resulting from employees' services provided up to the balance date, calculated at undiscounted amounts based on current wage and salary rates.

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

2 Operating structure and developments

The Pharmaceutical Council of Western Australia is a body corporate constituted by Section 7 of the Pharmacy Act 1964 for the purposes of:

- (a) the management of the Pharmaceutical Society of Western Australia which has its own objects as set out in its Rules as initially adopted on 10 May 1895 (the Society function); and
- (b) the administration of the Pharmacy Act 1964 relating to registration and licensing of pharmaceutical chemists and pharmacies, and disciplinary matters relating to the practice of pharmaceutical chemists (the Statutory function).

The Council also has a discretionary role in education. All activities other than those in paragraph (b) may properly be categorised as being carried out by the Council as the manager and on behalf of the Society.

The Pharmaceutical Society of Western Australia was established as an unincorporated association in Western Australia on 24 October 1892.

The objects of the Society are stated in its Rules and are much wider than the functions of the Council. They include the general protection of the character, status and interests of pharmaceutical chemists, the promotion of improvements in laws affecting pharmaceutical chemists, advancement of the study of pharmacy, and assistance to necessitous and incapacitated members and former members.

The Council, as a body corporate, is capable of acquiring, holding and disposing of real and personal property. On the other hand the Society, as an unincorporated association has no independent existence as a legal entity capable of holding property in its own right.

The Pharmacy Act 1964 provides that every person who is registered as a pharmaceutical chemist under the provisions of the Pharmacy Act 1964 shall be a member of the Society. The Rules of the Society provide that every pharmaceutical chemist shall be a member of the Society. As a consequence the membership of the profession of pharmaceutical chemists, which is subject to regulation by the Council under the Pharmacy Act 1964, is co-existent with the membership of the Society.

The Statutory function and the Society function of the Council have always been inextricably mixed.

Since the establishment of the Society the financial records of the Council have not distinguished the sources and application of capital and income between these two functions with the exception of certain special purpose funds relating to particular activities of the Council as manager of the Society. Refer Note 15 for details of these special purpose funds. However as a result of a declaration of trust (refer note 4) with effect from 1 July 2004 the financial transactions of the Statutory function and the Society function have been separately recorded.

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

2 Operating structure and developments (continued)

As a consequence the funds arising from or applied to the Society function and the funds arising from or applied to the Statutory function have been intermingled at all material times prior to 1 July 2004 and until that date there was no requirement for the Council to segregate these funds.

It is noted however, that for many years the audited balance sheet of the Council has referred to net equity as "Members Equity" and the funds of the Council as "Members Funds".

The Council is empowered by Section 16 of the Pharmacy Act 1964 to use the funds vested in it for the purposes of the Act being both the Statutory function and the Society function.

Section 16 of the Pharmacy Act 1964 provides that the funds of the Council shall consist, inter alia, of money or property that comes into the hands of the Council for the purposes of the Pharmacy Act 1964. In line with this, the funds of the Council have been acquired, inter alia, by:

- (a) registration and licence fees paid in respect of the registration and licensing of pharmaceutical chemists by the Council pursuant to the Pharmacy Act 1964;
- (b) donations from members of the Society to the funds of the Society but subject to any trusts declared in relation thereto;
- (c) subscriptions and special levies received from the members of the Society in their capacity as members;
- (d) accretions to funds from investments and from the sale of capital assets.

Given the above, it must be noted that all real and personal property acquired for the purposes of the Council has been held in the name of the Council, including real and personal property which has been acquired for the purposes of the Society or acquired by application of funds provided by members of the Society or arising from activities of the Society. On this basis the assets included in these financial statements are available for use by the Council in both its Statutory function and its Society function.

In 2002, the Council carried out extensive investigations of its books and records and obtained independent accounting and legal advice. As part of these investigations a former Registrar of the Council carried out a detailed analysis of the source and application of funds held by the Council since between 1936 and 2002 and allocated these funds to either the Statutory function or the Society function.

This analysis established that on an accumulated basis and in a majority of financial years the funds derived from the Society function were applied to meet a deficiency in funds required for the Statutory function with the consequence that the Society function subsidised the Statutory function.

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

2 Operating structure and developments (continued)

Further it established that the accumulated funds held by the Council as at 31 December 2002 represented a cumulative deficit arising from the Statutory function and a cumulative surplus arising from the Society function. As a consequence of this, the Council determined that the net assets of the Council as at 31 December 2002 represent assets that have been derived from the Society function and are properly represented in the financial statements of the Council as Members' funds.

Given the above and based on legal advice received, that the Council holds various assets on trust for the members from time to time of the Society, the Council considered that, in accordance with the functions, powers and authority of the Council under the Pharmacy Act 1964 and the obligations of the Council as manager of the Society, it was appropriate to ensure that the beneficial ownership of these various assets should be in the members of the Society from time to time.

As a result the Council entered into a Deed of Trust on 17 July 2003 in order to formalise and explicate the capacity in which it holds these various assets as trustee for and on behalf of the members of the Society from time to time.

The effect of the Deed of Trust was that the Council declared that with effect from 17 July 2003 it holds the land and buildings situated at 21 Hamilton Street, Subiaco on trust for the members of the Society from time to time in their capacity as members with the intent and to the effect that the land and buildings shall be held and applied by the Council in accordance with the objects of the Society from time to time. Refer to Note 4 as to the effect of this Deed of Trust on the financial statements of the Council.

The Deed of Trust provides that the Council, as trustee, may from time to time add to and hold as part of this trust fund any real or personal property in any form including money which is, inter alia, held or acquired by the Council (whether held or acquired before or after 17 July 2003) in any other manner and is declared by the Council to form part of the trust fund. On 3 August 2004 the Council made a declaration pursuant to the Deed of Trust executed on 17 July 2003 whereby it added net assets totalling \$940,267 to the trust with effect from 1 July 2004. As at the date of this report the Council has not made any further declarations to add to the trust fund. For details of the trust fund as at 31 December 2004 refer to Note 4.

Notwithstanding the declarations of trust, the Deed of Trust has reserved the power of the Council under Section 16 of the Pharmacy Act 1964 to use the funds vested in it for the purposes of the Act including the Statutory function.

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

3 Segment reporting

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Council operates the following two business segments or functions:

<i>Statutory function</i>	Revenue is statutory based and regulated fees are charged for the annual licensing of pharmaceutical chemists, the annual registration of pharmacies and the initial registration of new pharmaceutical chemists. Non-regulated fees charged for providing the pre-registration training of new pharmaceutical chemists is also statutory based revenue.
---------------------------	--

<i>Society function</i>	Revenue comprises the annual membership subscription fee and the subscription to various technical journals as well as revenue from the sale of technical books and the conduct of professional education courses.
-------------------------	--

As a result of the declaration by the Council referred to in Note 2, with effect from 1 July 2004, the income and expenses and resulting assets and liabilities received or arising after that date in relation to the Society function are transactions of the trust fund established on 17 July 2003 (refer Note 4). Therefore the income, expenditure, assets and liabilities of the Society function as set out below are only for the six month period beginning 1 January 2004 and ending 30 June 2004, whereas the 2003 results were for the 12 month period ended 31 December 2003. No assets and liabilities are showing for the Society function as these were added to the trust fund established on 17 July 2003 with effect from 1 July 2004.

x

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

3 Segment reporting (Continued)

	Statutory Function		Society Function		Total	
	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$
Primary reporting – Business segments						
Income						
Course fees - APEC	660	750	-	-	660	750
Donations	70,000	-	-	-	70,000	-
Education	-	-	48,711	83,988	48,711	83,988
Expense recoveries	-	4,146	4,123	6,897	4,123	11,043
Handbook fees	-	-	21,799	14,782	21,799	14,782
Income from fines & costs	13,802	6,810	-	-	13,802	6,810
Interest received	11,182	34,082	-	-	11,182	34,082
Journals	-	-	47,972	89,567	47,972	89,567
Licences	251,720	240,100	-	-	251,720	240,100
Registration of premises	110,639	113,709	-	-	110,639	113,709
Registration / letters of identification	7,319	5,711	-	-	7,319	5,711
Publications for sale	1,650	-	170,050	127,349	171,700	127,349
Rent received	-	5,502	-	-	-	5,502
Subscriptions	-	-	207,926	365,611	207,926	365,611
Sundry income	1,422	-	1,362	5,028	2,784	5,028
Trainees	127,835	135,457	-	-	127,835	135,457
Total income	596,229	546,267	501,943	693,222	1,098,172	1,239,489
Expenditure						
Advertising	1,389	267	-	-	1,389	267
Audit & accountancy fees	15,329	7,925	23,337	22,875	38,666	30,800
Bank and credit card charges	7,003	10,754	-	-	7,003	10,754
Computer software and consulting	3,605	1,848	924	792	4,529	2,640
Depreciation – buildings	-	3,683	-	1,578	-	5,261
Depreciation – computer equipment	1,635	3,450	700	1,478	2,335	4,928
Depreciation – motor vehicles	4,305	10,659	820	2,030	5,125	12,689

x

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

3 Segment reporting (Continued)

	Statutory Function		Society Function		Total	
	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$
Primary reporting –						
Business segments (continued)						
Depreciation – phone system	181	90	77	38	258	128
Depreciation – office equipment	2,063	5,011	884	2,148	2,947	7,159
Education	-	-	34,581	57,919	34,581	57,919
Electricity	3,742	3,969	930	1,701	4,672	5,670
Entertainment expenses	-	72	267	-	267	72
Fringe benefits tax	19,981	15,228	1,255	2,900	21,236	18,128
Function expenses	4,336	6,902	1,244	7,073	5,580	13,975
Handbook expenses	-	-	652	3,602	652	3,602
Insurance	2,195	2,635	-	519	2,195	3,154
Journals	-	-	279	79,185	279	79,185
Legal costs	91,047	79,457	25,948	14,950	116,995	94,407
Locum fees	30,360	30,841	-	-	30,360	30,841
Loss on sale of non-current assets	-	825	-	353	-	1,178
Motor vehicle expenses	5,029	7,085	1,085	1,349	6,114	8,434
Newsletter expenses	3,625	-	13,811	37,594	17,436	37,594
Office expenses	1,395	1,325	327	568	1,722	1,893
Postage, taxis and messengers	10,763	9,032	2,219	3,871	12,982	12,903
Printing & stationery	10,164	10,290	2,665	4,410	12,829	14,700
Property expenses	2,588	15,970	-	-	2,588	15,970
Publications for sale	305	-	143,561	125,990	143,866	125,990
Public relations and representations	4,262	8,861	-	-	4,262	8,861
Salaries	255,898	243,566	50,889	104,385	306,787	347,951
Subscriptions	42,748	16,938	4,332	35,000	47,080	51,938
Superannuation contributions	40,747	42,916	8,878	17,135	49,625	60,051
Telephone	8,796	8,424	1,926	3,611	10,722	12,035
Trainees	74,820	79,092	-	-	74,820	79,092
Travelling expenses	18,425	16,736	576	-	19,001	16,736
Total expenditure	666,736	643,851	322,167	533,054	988,903	1,176,905

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

3 Segment reporting (Continued)

	Statutory Function		Society Function		Total	
	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$
Primary reporting –						
Business segments (continued)						
Operating profit / (loss) before related income tax expense	(70,507)	(97,584)	179,776	160,168	109,269	62,584
Income tax expense relating to ordinary activities	-	-	-	-	-	-
Net profit / (loss)	(70,507)	(97,584)	179,776	160,168	109,269	62,584
Current assets						
Cash assets	108,926	884,481	-	22,691	108,926	907,172
Receivables	22,329	12,019	-	25,795	22,329	37,814
Inventories	-	-	-	6,106	-	6,106
Other	2,891	999	-	35,662	2,891	36,661
Total current assets	134,146	897,499	-	90,254	134,146	987,753
Non-current assets						
Property, plant and equipment	-	86,595	-	49,762	-	136,357
Total non-current assets	-	86,595	-	49,762	-	136,357
Total assets	134,146	984,094	-	140,016	134,146	1,124,110
Current liabilities						
Payables	46,092	70,207	-	59,589	46,092	129,796
Provisions	110,444	86,893	-	30,902	110,444	117,795
Other	-	1,087	-	8,211	-	9,298
Total current liabilities	156,536	158,187	-	98,702	156,536	256,889
Total liabilities	156,536	158,187	-	98,702	156,536	256,889
Net assets/(liabilities)	(22,390)	825,907	-	41,314	(22,390)	867,221

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

4 Trustee

Pursuant to a Deed of Trust executed by the Council on 17 July 2003, the Council was appointed trustee of a trust fund which is held and applied by the Council in accordance with the objects of the Society and enjoyed and used for the benefit of the Members of the Society.

The Deed of Trust provides that the trustee may from time to time add to and hold as part of the trust fund any real or personal property in any form including money which is held or is acquired by the Council (whether held or acquired before or after 17 July 2003) in any other manner and is declared by the Council to form part of the trust fund.

As at 31 December 2003 the trust fund comprised only the land and buildings situated at 21 Hamilton Street, Subiaco and the income, expenses and balance date adjustments relating to this asset since 17 July 2003.

On 3 August 2004 the Council made a declaration pursuant to the Deed of Trust executed on 17 July 2003 whereby it added the following net assets to the trust with effect from 1 July 2004.

	\$
Cash assets	899,242
Receivables	5,597
Inventories	2,859
Property, plant and equipment	124,276
Payables	(33,243)
Reserves	(58,464)
	<hr/> 940,267 <hr/>

Whilst the Council has the power to make further declarations to add to the trust fund, no such declaration has been made between year end and the date of this report.

It must be noted that the Council has specific duties under the Pharmacy Act 1964 which do not relate to its management of the Society. The creation of the trust, and the transfer of assets to the trust fund do not limit the capacity of the Council to fulfil these statutory duties. The Council as trustee must be empowered to apply funds of the trust, if necessary, to enable the Council to fulfil its statutory duties.

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

4 Trustee (continued)

Details of the assets and liabilities of the trust held for the Members of the Pharmaceutical Society of Western Australia as at 31 December 2004 are as follows:

	2004 \$	2003 \$
Current assets	921,512	6,266
Non-current assets	980,535	527,046
Total assets	1,902,047	533,312
Current liabilities	43,451	-
Non-current liabilities	-	-
Total liabilities	43,451	-
Net trust assets	1,858,596	533,312

As trustee, the Council is liable for the debts of this trust fund. However except for any debt, liability or other obligation incurred in relation to any fraud, wilful default, negligence or breach of trust by the trustee, the Deed of Trust provides that the trustee is entitled to be indemnified out of the trust fund in respect of any reasonable debt or other obligation incurred by the trustee as trustee of the trust fund.

	2004 \$	2003 \$
5 Income tax		
Prima facie income tax expense calculated at 30% on the profit from ordinary activities	32,781	18,775
Increase in income tax expense due to:		
Exempt statutory function loss	21,152	29,275
Society function non-mutual loss	1,747	4,137
Decrease in income tax expense due to:		
Non-assessable society function mutual net income	(55,680)	(52,187)
Income tax expense attributable to profit from ordinary activities	-	-

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

	2004 \$	2003 \$
6 Cash assets		
Cash on hand	-	150
Cash at bank	13,542	42,467
Cash management account	95,384	841,864
Term deposit – Benevolent Fund	-	3,913
Investment savings account – Chapter of Pharmacy History	-	16,243
At call account – HM Lyons Prize Fund	-	2,535
	<u>108,926</u>	<u>907,172</u>

Cash assets totalling \$899,320 as at 30 June 2004 were declared by the Council, as trustee, to be added to the trust fund held for the benefit of the Members of the Society with effect from 1 July 2004.

7 Receivables

Current

Sundry debtors	17,998	20,309
GST paid	4,331	17,437
Accrued income	-	68
	<u>22,329</u>	<u>37,814</u>

Receivables totalling \$5,597 as at 30 June 2004 were declared by the Council, as trustee, to be added to the trust fund held for the benefit of the Members of the Society with effect from 1 July 2004.

8 Inventories

Current

Stock on hand – at cost	-	6,106
	<u>-</u>	<u>6,106</u>

Inventories totalling \$2,859 as at 30 June 2004 were declared by the Council, as trustee, to be added to the trust fund held for the benefit of the Members of the Society with effect from 1 July 2004.

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

	2004 \$	2003 \$
9 Other assets		
Current		
Prepayments	2,891	36,661
	<u>2,891</u>	<u>36,661</u>
 10 Property, plant and equipment		
Historical museum		
At cost	-	23,634
Accumulated depreciation	-	-
	<u>-</u>	<u>23,634</u>
Motor vehicles		
At cost	-	69,094
Accumulated depreciation	-	(14,171)
	<u>-</u>	<u>54,923</u>
Office equipment		
At cost	-	151,175
Accumulated depreciation	-	(110,623)
	<u>-</u>	<u>40,552</u>
Computer equipment		
At cost	-	57,355
Accumulated depreciation	-	(46,418)
	<u>-</u>	<u>10,937</u>
Phone system		
At cost	-	8,057
Accumulated depreciation	-	(1,746)
	<u>-</u>	<u>6,311</u>
Total property, plant and equipment		
Net book value	<u>-</u>	<u>136,357</u>

Property, plant and equipment totalling \$124,276 as at 30 June 2004 were declared by the Council, as trustee, to be added to the trust fund held for the benefit of the Members of the Society with effect from 1 July 2004.

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

	2004 \$	2003 \$
11 Payables		
Sundry creditors and accruals	44,715	123,056
GST collected	1,377	6,740
	<u>46,092</u>	<u>129,796</u>

Payables totalling \$33,243 as at 30 June 2004 were declared by the Council, as trustee, to be added to the trust fund held for the benefit of the Members of the Society with effect from 1 July 2004.

12 Provisions

Current

Provision for annual leave	45,697	53,037
Provision for long service leave	64,747	64,758
	<u>110,444</u>	<u>117,795</u>

13 Other liabilities

Current

Income in advance	-	9,298
	<u>-</u>	<u>9,298</u>

14 Available funds

Balance at the beginning of the year	808,608	1,124,165
Operating profit	109,269	62,584
Declaration of trust	(940,267)	(535,290)
Balance at the end of the year	<u>(22,390)</u>	<u>808,608</u>

Available funds have accumulated since the foundation of the Society in 1892. A former Registrar recently undertook an analysis of the historical accumulation of these funds since 1936. The result of this analysis was that on an accumulated basis and in a majority of financial years the funds derived from the Society function were applied to meet a deficiency in funds

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

14 Members' funds (continued)

required for the Statutory function with the consequence that the Society function subsidised the Statutory function. The analysis further established that the accumulated funds held by the Council as at 31 December 2002 represented a cumulative deficit arising from the Statutory function and a cumulative surplus arising from the Society function. This trend continues and is supported by the results of each function for the current financial year as set out in Note 3.

The above analysis leads to the conclusion that the available funds as set out above can be attributed to the Society function and therefore are subject to the Rules of the Society. However Rule 4 of the Rules of the Society provides that no portion of the income or property of the Society shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the persons who at any time are, or have been, or may thereafter be, members of the Society, or to any of them, or to any person claiming through any of them.

Given this, to allow for the above declaration of trust to be executed, Rule 4 was amended in general meeting of the members of the Society on 26 March 2003. The amendment now allows members of the Society to hold beneficial interests under a trust to promote the objects of the Society, and being for the benefit of present and future members in their capacity as members.

	Note	2004 \$	2003 \$
15 Reserves			
Benevolent Fund		-	3,913
Reward Fund		-	12,288
HM Lyons Prize Fund		-	2,535
Chapter of Pharmacy History		-	39,877
		<hr/>	<hr/>
		-	58,613

Reserves totalling \$58,464 as at 30 June 2004 were declared by the Council, as trustee, to be added to the trust fund held for the benefit of the Members of the Society with effect from 1 July 2004.

Movements during the year

Benevolent Fund

Balance at the beginning of the year	3,913	3,451
<i>Movements</i>		
Income: donations received	-	462
interest	78	-
Declaration of trust	(3,991)	-
Balance at the end of the year	<hr/>	<hr/>
	-	3,913

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

	Note	2004 \$	2003 \$
15 Reserves (continued)			
Movements during the year (continued)			
<i>Reward Fund</i>			
Balance at the beginning of the year		12,288	12,278
<i>Movements</i>			
Income: donations received		10	10
Declaration of trust		(12,298)	-
Balance at the end of the year		-	12,288
<i>HM Lyons Prize Fund</i>			
Balance at the beginning of the year		2,535	2,746
<i>Movements</i>			
Income: interest		63	89
Expenditure: prizes		(300)	(300)
Declaration of trust		(2,298)	-
Balance at the end of the year		-	2,535
<i>Chapter of Pharmacy History</i>			
Balance at the beginning of the year		39,877	39,831
<i>Movements</i>			
Income: donations received		-	40
interest		-	6
Declaration of trust		(39,877)	-
Balance at the end of the year		-	39,877
Represented by:			
Cash at bank	6	-	16,243
Historical museum	10	-	23,634
		-	39,877

The Pharmaceutical Council of Western Australia
Notes to and forming part of the financial statements
For the year ended 31 December 2004

16 Events subsequent to balance date

At a meeting of the Council on 3 May 2005, it was resolved that on the date that the Council ceases to exist or is replaced by another entity ("the termination date"), a redundancy payment would be made to all persons employed by the Council as at 3 May 2005 who remain continuously in the Council's employ at the termination date. An estimate of the amount payable based on current staff employed, current wage rates and a termination date of 31 December 2005 is approximately \$283,000.

Other than the matter above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Council, to affect significantly the operations of the Council, the results of those operations, or the state of affairs of the Council in future financial years.

Statement by Council

In the opinion of the Pharmaceutical Council of Western Australia:

- (a) the Council is not a reporting entity;
- (b) the financial statements and notes thereto, set out on pages 1 to 22, are drawn up, in accordance with the basis of accounting described in Note 1(a), so as to present fairly the financial position of the Council as at 31 December 2004 and its performance, as represented by the results of its operations, for the year ended on that date; and
- (c) there are reasonable grounds to believe that the Council will be able to pay its debts as and when they become due and payable.

Dated at Subiaco this 2nd day of JUNE 2005.

Signed in accordance with a resolution of the Council:



Lenette Mullen
President

Independent Audit Report to the Pharmaceutical Council of Western Australia

Scope

We have audited the financial report of the Pharmaceutical Council of Western Australia for the financial year ended 31 December 2004 being a special purpose financial report consisting of the profit and loss account, balance sheet and accompanying notes 1 to 16. The Council's management are responsible for the financial report. The Council's management have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements of the Pharmacy Act 1964 and the needs of the Council's management. We have conducted an independent audit of this financial report in order to express an opinion on it to the Council's management. No opinion is expressed whether the accounting policies used, and described in Note 1, are appropriate to the needs of the Council's management.

The financial report has been prepared for the purpose of fulfilling the requirements of the Pharmacy Act 1964. We disclaim any assumption of responsibility for any reliance on this report, or on the financial report to which it relates, to any person other than the Council's management, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Note 1(a) to the financial statements, so as to present a view which is consistent with our understanding of the Council's financial position and performance, as represented by the results of its operations. These policies do not require the application of all accounting standards nor other mandatory professional reporting requirements in Australia.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of the Pharmaceutical Council of Western Australia is properly drawn up so as to present fairly the Council's financial position as at 31 December 2004 and its performance for the year ended on that date, in accordance with the basis of Australian accounting described in Note 1(a) to the financial statements.

KPMG
KPMG



ROBERT KELLY
Partner

Perth
2 June 2005