



**AUSTRALIAN INDUSTRIAL REGISTRY**

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80 Collins Street, Melbourne, VIC 3000  
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Telephone: (03) 8661 7822  
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Our ref. FR 2003/519

Mr Silas Bell Banks  
National Vice President (Finance)  
The Pharmacy Guild of Australia - National Secretariat  
PO Box 7036  
CANNBERRA BUSINESS CENTRE ACT 2610

Dear Mr Banks

**RE: Pharmacy Guild of Australia - National Secretariat  
Financial documents for year ended 30 June 2003 (FR 2003/519)**

Thank you for the financial documents of the Pharmacy Guild of Australia - National Secretariat for the year ended 30 June 2003. The documents were lodged in the Industrial Registry on 1 December 2003.

The documents have been filed.

Having regard to the requirements of Part IX, Division 11, of the *Workplace Relations Act 1996* (the Act) and the *Workplace Relations Regulations* (the Regulations) your attention is drawn to the following matters which are advised for assistance in relation to the preparation of such documents in future; no further action is required with regard to these documents in relation to this year:

**Provisions of S.276(4)**

Subsection 276(4) of the Act requires an auditor to state, whether in the auditor's opinion:

- "(a)(i) there were kept by the organisation in relation to the year satisfactory accounting records, including:
  - (A) records of the sources and nature of the income of the organisation (including income from members); and
  - (B) records of the nature and purposes of the expenditure of the organisation; and
- (ii) the accounts and statements prepared under section 273 in relation to the year were properly drawn up so as to give a true and fair view of:
  - (A) the financial affairs of the organisation as at the end of the year; and
  - (B) the income and expenditure, and any surplus or deficit, of the organisation for the year; and

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- (b) whether all the information and explanations that, under subsection (2), officers or employees of the organisation were required to provide were provided and, in addition, the auditor shall state in the report particulars of any deficiency, failure or shortcoming in relation to a matter referred to in paragraph (a) or (b)."

The auditor's report omitted the words underlined above.

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 7822.

Yours sincerely



Margaret Williams  
Statutory Services Branch

17 December 2003



The PHARMACY GUILD of AUSTRALIA  
NATIONAL SECRETARIAT

**CERTIFICATION OF VERIFICATION**

**IN ACCORDANCE WITH SECTION S280 (1)**

I, Silas Bell Banks, National Vice President (Finance) of The Pharmacy Guild of Australia, hereby certify that:

1. The attached National Annual Report of The Pharmacy Guild of Australia marked "A" incorporates a true copy of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Statements by the Committee of Management, Chief Accounting Officer and Auditors for the year ended 30 June 2003 and that the Report was supplied to members on 13 November 2003 via the Pharmacy Guild of Australia website. Members were informed that the annual report was available on the website via the National newsletter dated 29 October 2003, which is distributed to all members, and also that printed copies are available free of charge upon request.
2. The National Annual Report of The Pharmacy Guild of Australia incorporating the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Statements by the Committee of Management, Chief Accounting Officer and Auditors for the year ended 30 June 2003 was adopted by National Council of The Pharmacy Guild of Australia by a resolution carried by a meeting of the National Council held on 25 November 2003.

DATED THIS TWENTY SIXTH DAY OF NOVEMBER 2003

.....  
**SILAS BELL BANKS**  
**NATIONAL VICE PRESIDENT (FINANCE)**

## **Independent audit report to the members of the Pharmacy Guild of Australia – the National Secretariat**

### **Scope**

#### *The financial report and National Councillors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, committee of management's certificate and the accounting officer's certificate for the Pharmacy Guild of Australia – the National Secretariat (the National Secretariat), for the year ended 30 June 2003.

The National Councillors of The Pharmacy Guild of Australia are responsible for preparing a financial report that presents fairly the financial position and performance of the National Secretariat, and that complies with Accounting Standards in Australia, and in accordance with the Workplace Relations Act 1996. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit approach*

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the National Secretariat. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the National Secretariat's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the National Councillors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the National Councillors and management of the National Secretariat.

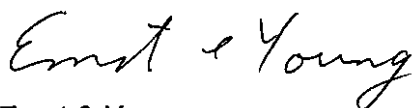
### Independence

We are independent of the National Secretariat, and have met the independence requirements of Australian professional ethical pronouncements. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

### Audit Opinion

In our opinion:

- (a) there were kept by the Pharmacy Guild of Australia – the National Secretariat in relation to the year ended 30 June 2003 satisfactory accounting records including:
  - (i) records of the sources and nature of the income of the organisation (including income from members); and
  - (ii) records of the nature and purposes of the expenditure of the organisation;
- (b) the information and explanations that officers or employees of the organisation were required to provide were provided.
- (c) the financial report, which has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and Section 273 of the Workplace Relations Act 1996, is properly drawn up so as to give a true and fair view of:
  - (i) the financial position of the National Secretariat at 30 June 2003; and
  - (ii) its performance as represented by the results of its operations and cash flows for the year ended on that date.



Ernst & Young



G J Knuckey

Partner

Registered Company Auditor

Canberra

Date: 15 October 2003

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT

ACCOUNTING OFFICER'S CERTIFICATE

I, SILAS BELL BANKS, being the Officer responsible for keeping the accounting records of The Pharmacy Guild of Australia, National Secretariat certify that as at 30 June 2003 the number of members of the organisation was 3,953 including Honorary Life Members.

In my opinion,

- (i) the attached accounts show a true and fair view of the financial affairs of the organisation as at 30 June 2003;
- (ii) a record has been kept of moneys remitted to the National Secretariat by the Branches with respect to its share of all moneys paid by or collected from members. The moneys so remitted by the Branches have been credited to the bank account to which those moneys are to be credited, in accordance with the rules of the organisation;
- (iii) before any expenditure was incurred by the organisation, approval of the incurring of expenditure was obtained in accordance with the rules of the organisation;
- (iv) with regard to funds of the organisation raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated;
- (v) no loans or other financial benefits, other than remuneration in respect of their full time employment with the organisation, were made to persons holding office in the organisation; and
- (vi) the registrar of members of the organisation was maintained in accordance with the Act.



.....  
SILAS BELL BANKS

15 October 2003

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT

COMMITTEE OF MANAGEMENT'S CERTIFICATE

We, JOHN WILLIAM BRONGER and, SILAS BELL BANKS being two members of the National Council of The Pharmacy Guild of Australia, do state on behalf of the National Council and in accordance with a resolution passed by the National Council that:

- (i) in the opinion of the National Council, the attached accounts show a true and fair view of the financial affairs of the organisation as at 30 June 2003;
- (ii) in the opinion of the National Council, meetings of the National Council were held during the year ended 30 June 2003 in accordance with the rules of the organisation;
- (iii) to the knowledge of any member of the National Council, there have been no instances where records of the organisation or other documents (not being documents containing information made available to a member of the organisation under sub-section 274 (1) and (2) of the Workplace Relations Act 1996, or copies of those records or documents, or copies of the rules of the organisation) have not been furnished, or made available, to members in accordance with the requirements of the Workplace Relations Act 1996, the Regulations thereto, or the rules of the organisation; and
- (iv) the organisation has complied with sub-section 279 of the Act in relation to the financial accounts in respect of the year ended 30 June 2002, and the auditor's report thereon which were prepared in accordance with sub-section 273 (1) of the Act.



.....  
JOHN WILLIAM BRONGER



.....  
SILAS BELL BANKS

15 October 2003

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2003**

	NOTES	2003 \$	2002 \$
<b>CURRENT ASSETS</b>			
Cash	5	8,482,909	5,922,324
Receivables	6	2,597,153	1,906,389
Other	7	122,724	83,613
<b>TOTAL CURRENT ASSETS</b>		<u>11,202,786</u>	<u>7,912,326</u>
<b>NON - CURRENT ASSETS</b>			
Receivables	8	19,385,440	19,385,440
Investments	9	2,986,261	2,986,261
Property, plant and equipment	10	723,496	716,153
<b>TOTAL NON - CURRENT ASSETS</b>		<u>23,095,197</u>	<u>23,087,854</u>
<b>TOTAL ASSETS</b>		<u>34,297,983</u>	<u>31,000,180</u>
<b>CURRENT LIABILITIES</b>			
Payables	11	9,931,194	8,134,974
Provisions	12	947,496	777,660
<b>TOTAL CURRENT LIABILITIES</b>		<u>10,878,690</u>	<u>8,912,634</u>
<b>NON - CURRENT LIABILITIES</b>			
Borrowings	13	2,000,000	2,000,000
Provisions	14	77,597	69,305
<b>TOTAL NON - CURRENT LIABILITIES</b>		<u>2,077,597</u>	<u>2,069,305</u>
<b>TOTAL LIABILITIES</b>		<u>12,956,287</u>	<u>10,981,939</u>
<b>NET ASSETS</b>		<u>21,341,696</u>	<u>20,018,241</u>
<b>ACCUMULATED FUNDS AND RESERVES</b>			
Reserves	15	9,429,340	8,418,320
Accumulated funds	15	11,912,356	11,599,921
		<u>21,341,696</u>	<u>20,018,241</u>



**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2003**

	NOTES	2003 \$	2002 \$
<b>REVENUE FROM ORDINARY ACTIVITIES</b>	3	23,364,267	16,174,821
Remuneration and employee benefits expense	4	(5,359,269)	(4,665,341)
Depreciation expense		(210,124)	(199,038)
Other expenses from ordinary activities	4	(16,471,419)	(11,192,798)
		<u>1,323,455</u>	<u>117,644</u>
<b>NET SURPLUS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO MEMBERS OF THE PHARMACY GUILD OF AUSTRALIA</b>		<u>1,323,455</u>	<u>117,644</u>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF THE PHARMACY GUILD OF AUSTRALIA</b>		<u>1,323,455</u>	<u>117,644</u>
 <b>Surplus from Ordinary Activities consists of:</b>			
Surplus from all Divisions excluding Quality Care Pharmacy Program		312,435	238,662
(Deficit) from Quality Care Pharmacy Program		(229,821)	(121,018)
Surplus from the National Fighting Fund		1,240,841	-
		<u>1,323,455</u>	<u>117,644</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**STATEMENT OF CASHFLOWS FOR YEAR ENDED 30 JUNE 2003**

	NOTES	2003 \$	2002 \$
<b>Cash flows from operating activities</b>			
Receipts from operations		12,371,533	9,900,402
Voluntary levy received		-	61,882
Voluntary levy expended		-	(244,137)
Payments to suppliers and employees		(23,540,763)	(16,758,263)
Interest received		1,183,430	925,836
Distributions from property trusts		-	38,879
Grants received		14,092,357	11,523,747
GST paid		(1,211,512)	(418,802)
<b>Net cash flows generated from operating activities</b>	16	<u>2,895,045</u>	<u>5,029,544</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(278,497)	(256,843)
Proceeds from sale of property, plant and equipment		51,681	64,544
Purchase of units in controlled entities		-	(9,471)
Proceeds from disposal in QLD Unit Trust		-	729,038
Proceeds from disposal in SA Unit Trust		-	239,420
Funds held on trust		(107,644)	194,495
Repayment of advance to AACP		-	10,000
Advances to related parties:			
Guild Insurance and Financial Services Pty Ltd		-	(5,000,000)
<b>Net cash flows (used in) investing activities</b>		<u>(334,460)</u>	<u>(4,028,817)</u>
<b>Cash flows from financing activities</b>			
Proceeds from bank loan		-	2,000,000
<b>Net cash flows generated from financing activities</b>		<u>-</u>	<u>2,000,000</u>
Net increase in cash held		2,560,585	3,000,727
Add opening cash brought forward		5,922,324	2,921,597
<b>Closing cash carried forward</b>	16	<u><u>8,482,909</u></u>	<u><u>5,922,324</u></u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2003**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Financial Statements**

The financial report is a general purpose financial report which has been prepared in accordance with with applicable Accounting Standards and disclosures required by the Workplace Relations Act 1996. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the Historical Cost Convention. Cost in relation to assets represents the cash amount paid or the face value of the assets given in exchange.

b) The accounting policies adopted are consistent with those of the previous year.

**c) Cash**

Cash on hand and in banks and short term deposits are stated at nominal values.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

**d) Trade and other receivables**

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts.

Receivables from related parties are recognised and carried at nominal amount due. Interest is taken up as income on an accrual basis.

**e) Property, Plant and Equipment**

Cost

Property, plant and equipment are carried at cost. Any surplus on revaluation is credited directly to the asset revaluation reserve and excluded from the statement of financial performance.

Any gain or loss on the disposal of revalued assets is determined as the difference between the carrying value of the asset at the time of disposal and the proceeds from disposal, and is included in the result in the year of disposal.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, other than land, at rates calculated to allocate the cost or valuation less estimated residual value at the end of the useful lives of the assets against revenue over those estimated useful lives.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2003**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**e) Property, Plant and Equipment (cont'd)**

Depreciation (cont'd)

Major depreciation periods are:

	2003	2002
Plant and equipment	3 to 10 years	3 to 10 years

**f) Trade and other payables**

Liabilities for trade payables and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Guild.

Payables to related parties are carried at the principal amount.

**g) Employee Benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits included wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of salaries and wages, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date and are measured in their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms of maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and,
  - other types of employee benefits,
- are charged against surpluses on a net basis in their respective categories.

The contributions made to superannuation funds by the entity are charged against surpluses when due.

**h) Borrowings**

Bank loans are measured at the principal amount. Interest is charged as an expense as it accrues.

**i) Taxes**

*Income taxes*

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

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2003**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**i) Taxes (cont'd)**

*Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except:

- i) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii) receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**j) Leases**

Finance leases, which effectively transfer to the National Secretariat substantially all of the risks and benefits incidental to the ownership of the leased item, are capitalised at the present value of the minimum lease payments, disclosed as leased property, plant and equipment, and amortised over the period the National Secretariat is expected to benefit from the use of the leased assets.

Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are included in the determination of the operating surplus in equal instalments over the lease term.

**k) Dividend Income**

Dividend income other than that arising from redeemable cumulative preference shares is brought into account as received.

**NOTE 2 INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR**

In accordance with the requirements of the Workplace Relations Act 1996, the attention of members is drawn to the provisions of sub-sections (1), (2), and (3) of section 274 which read as follows:

- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under sub-section (1) by a member of the organisation or a Registrar, make the specified information available to the member.
- (3) A Registrar may only make an application under sub-section (1) at the request of a member of the organisation concerned, and the registrar shall provide to a member information received because of an application made at the request of the member.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2003**

	2003	2002
	\$	\$
<b>NOTE 3 REVENUE FROM ORDINARY ACTIVITIES</b>		
<b>Revenues from operating activities</b>		
Membership subscriptions ex branches	4,432,904	2,099,045
Grants received	13,009,958	8,254,000
Voluntary membership levy for the ownership campaign	-	244,137
Income from Quality Care Pharmacy Program (QCPP)		
Membership subscriptions	883,564	620,475
Sale of QCPP related items	180,898	212,561
Sponsorship income	207,182	308,636
DUSC income	182,468	327,672
<b>Total revenues from operating activities</b>	<u>18,896,974</u>	<u>12,066,526</u>
<b>Revenues from non-operating activities</b>		
Interest received		
Controlled entities	1,113,904	790,726
Other corporations	69,526	135,110
Distributions from controlled unit trusts	-	38,879
Commissions from controlled entity	1,142,573	1,035,188
Referral fees from controlled entity	1,701,940	1,585,018
Rent received from branches and other related parties	50,291	129,123
Other income	389,059	394,251
<b>Total revenues from outside the operating activities</b>	<u>4,467,293</u>	<u>4,108,295</u>
<b>Total revenues from ordinary activities</b>	<u>23,364,267</u>	<u>16,174,821</u>

**NOTE 4 EXPENSES**

**(a) Remuneration and employee benefits expense**

Remuneration to elected officials	557,838	494,368
Remuneration to employees	3,616,831	3,264,499
Superannuation	640,102	532,845
Provision for annual leave	57,373	110,351
Provision for long service leave	128,287	(54,163)
Other on-costs (payroll tax and workers compensation expenses)	358,838	317,441
<b>Total remuneration and employee benefits expense</b>	<u>5,359,269</u>	<u>4,665,341</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2003**

	2003	2002
	\$	\$
<b>NOTE 4 EXPENSES (cont'd)</b>		
<b>(b) Other expenses from ordinary activities</b>		
Affiliation fees	61,646	70,098
Donations	71,990	96,620
Remuneration to auditors		
- Audit fees	31,210	28,375
- Other services	56,951	113,533
Legal expenses	270,899	176,010
Consultants expenses	499,731	314,276
DUSC expenses	119,504	48,301
Loss on disposal of non current assets	9,349	12,082
Meeting expenses and allowances		
- National Council	334,160	252,211
- Chairman and committee expenses	82,332	71,195
- Other meeting expenses	3,366	4,243
Grants and subsidies		
- Tasmanian Branch	25,000	25,000
- NT Branch	3,000	-
Administrative expenses	189,702	209,580
Rent paid	575,484	548,140
Interest paid	147,778	-
Grants expended	11,419,134	6,733,158
Voluntary membership levy monies expended	-	244,137
Expenses from Quality Care Pharmacy Program (QCPP)		
- Payments made to AIPM and PSA	40,616	91,244
- Standards materials expenses	52,362	14,811
Travel expenses (local and overseas)	375,465	320,198
Special projects	308,278	339,340
Other expenses	1,793,462	1,480,246
<b>Total other expenses from ordinary activities</b>	<b>16,471,419</b>	<b>11,192,798</b>

**NOTE 5 CASH**

<b>Guild cash</b>		
Cash at bank and on hand	849,925	332,891
Cash on short term deposit	302,438	405,674
	<u>1,152,363</u>	<u>738,565</u>
<b>Cash held in Trust</b>		
Cash at bank held in Trust	416,900	370,954
Cash on short term deposit held in Trust	6,913,646	4,812,805
	<u>7,330,546</u>	<u>5,183,759</u>
<b>Total cash</b>	<b>8,482,909</b>	<b>5,922,324</b>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2003**

	2003	2002
	\$	\$
<b>NOTE 6 RECEIVABLES (CURRENT)</b>		
Trade debtors and other debtors	916,565	643,743
Amounts receivable from related parties		
Branch debtors	78,912	31,525
Amounts receivable from controlled entity		
Gold Cross Products and Services Pty Ltd	203,797	323,959
Guild Insurance Limited	400,789	123,968
GST receivable	383,715	333,993
Government grants receivable	613,375	449,201
	<u>2,597,153</u>	<u>1,906,389</u>
Trade debtors includes the following amounts owing by a related party		
Associated entities	-	38,879

**NOTE 7 OTHER**

Prepayments	122,724	83,613
	<u>122,724</u>	<u>83,613</u>

**NOTE 8 RECEIVABLES (NON-CURRENT)**

Unsecured loans to related parties		
Australian Association of Consultant Pharmacy Pty Limited	90,000	90,000
Unsecured loans to controlled entity		
Guild Insurance & Financial Services Holdings Limited	18,883,860	18,883,860
Gold Cross Products and Services Pty Ltd	411,580	411,580
	<u>19,385,440</u>	<u>19,385,440</u>

The National Secretariat will not recall the unsecured loans to Guild Insurance & Financial Services Holdings Limited until such a time when the entity has surplus funds to meet this liability. In addition, the National Secretariat has entered into a Subordination Agreement with Guild Insurance & Financial Services Holdings Limited.



**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2003**

	2003	2002
	\$	\$
<b>NOTE 9 INVESTMENTS</b>		
<b>Investments at cost comprise:</b>		
Shares in controlled entities - unlisted		
Australian Association of Consultant Pharmacy Pty Limited		
2 ordinary shares	2	2
Pharmacy Guild Home Infusion Association Pty Limited		
2 ordinary shares	2	2
GuildNET Pty Limited		
18 ordinary shares	18	18
Guild Insurance & Financial Services Holdings Limited		
985,434 ordinary shares	985,434	985,434
20,000 Redeemable cumulative non participating preference shares	2,000,000	2,000,000
Gold Cross Products and Services Pty Ltd		
402 ordinary shares	804	804
National Pharmacy Television Pty Limited		
1 ordinary shares	1	1
<b>Total investments</b>	<b>2,986,261</b>	<b>2,986,261</b>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
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	2003	2002
	\$	\$
<b>NOTE 10 PROPERTY, PLANT AND EQUIPMENT</b>		
Office equipment - at cost	801,722	703,817
Less accumulated depreciation	(459,252)	(342,642)
	<u>342,470</u>	<u>361,175</u>
Motor vehicles - at cost	587,780	534,179
Less accumulated depreciation	(206,754)	(179,201)
	<u>381,026</u>	<u>354,978</u>
	<u>723,496</u>	<u>716,153</u>
<b>(a) Reconciliations</b>		
<i>Office equipment - at cost</i>		
Carrying amount at beginning	361,175	340,028
Additions	97,906	124,046
Disposals	-	(79)
Depreciation expense	(116,611)	(102,820)
Carrying amount at end	<u>342,470</u>	<u>361,175</u>
<i>Motor vehicles - at cost</i>		
Carrying amount at beginning	354,978	394,946
Additions	180,591	132,797
Disposals	(61,030)	(76,547)
Depreciation expense	(93,513)	(96,218)
Carrying amount at end	<u>381,026</u>	<u>354,978</u>

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	2003	2002
	\$	\$
<b>NOTE 11 PAYABLES (CURRENT)</b>		
Trade creditors	667,067	676,813
Accrued expenses	1,766,016	848,193
Amounts payable to related parties		
Branch creditors	172,629	168,293
Gold Cross Products and Services Pty Ltd	6,549	-
Amounts held on trust		
MPA	19,261	20,961
Sclavos appeal	74,014	179,958
Government grants in advance	6,635,874	5,365,332
Income in advance	236,364	239,680
GST payable	353,420	635,744
	<u>9,931,194</u>	<u>8,134,974</u>
Payables include the following amounts with related parties		
Associated entities	-	52,763
	<u>-</u>	<u>52,763</u>
<b>NOTE 12 PROVISIONS (CURRENT)</b>		
Provision for annual leave	526,341	471,084
Provision for long service leave	421,155	306,576
	<u>947,496</u>	<u>777,660</u>
<b>NOTE 13 BORROWINGS</b>		
Bank loan	<u>2,000,000</u>	<u>2,000,000</u>
i. Drawdown of the bank loan was performed on 26 June 2002. The loan is secured by guarantee and indemnity from Guild Insurance and Financial Services Holdings Limited.		
<b>NOTE 14 PROVISIONS (NON - CURRENT)</b>		
Provision for long service leave	<u>77,597</u>	<u>69,305</u>
<b>NOTE 15 RESERVES</b>		
<b>(a) Asset revaluation reserve</b>		
Balance at the beginning of the year	7,288,551	7,616,323
(Decrease) in valuation of Guild Properties (QLD) Unit Trust	-	(5,688)
Increase in valuation of Guild Properties (SA) Unit Trust	-	14,995
Transfer to accumulated funds (Sale of QLD Unit Trust)	-	(252,213)
Transfer to accumulated funds (Sale of SA Unit Trust)	-	(84,866)
Balance at the end of the year	<u>7,288,551</u>	<u>7,288,551</u>

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	2003	2002
	\$	\$
<b>NOTE 15 RESERVES (cont'd)</b>		
<b>(b) Quality Care Pharmacy Program reserve</b>		
Balance at the beginning of year	1,129,769	1,250,787
Transfer from accumulated funds	(229,821)	(121,018)
Balance at the end of year	<u>899,948</u>	<u>1,129,769</u>
<b>(c) National Fighting Fund reserve</b>		
Balance at the beginning of year	-	-
Transfer from accumulated funds	1,240,841	-
Balance at the end of year	<u>1,240,841</u>	<u>-</u>
<b>Total Reserves</b>	<u>9,429,340</u>	<u>8,418,320</u>

**(a) Asset revaluation reserve**

The Asset Revaluation Reserve is used to record increments and decrements in the value of non-current assets.

**(b) Quality Care Pharmacy Program reserve**

The Quality Care Pharmacy Program reserve was established to promote and fund the Quality Care Pharmacy Program to Guild members.

**(c) National Fighting Fund reserve**

A National referendum was held in April 2002 to seek Guild members' approval to establish a National Fighting Fund. The Funds would be obtained from an increase in annual subscriptions (premises component only) and be used to fund special endeavours required to preserve and protect the long-term interests of members. The Fund would operate under the direct control of the Guild's Executive Committee who would consider each allocation of funds against stringent criteria agreed by the Executive. The referendum was successful and the collection of funds was commenced in the 2002/2003 financial year. The surplus of these funds as at 30 June 2003 are held in a reserve pending future costs relating to this cause. All funds are invested and interest on the funds transferred to the reserve.

**(d) Accumulated Funds**

Balance at the beginning of the year	11,599,921	11,024,180
Net surplus attributable to Guild	1,323,455	117,644
Transfer deficit to Quality Care Pharmacy Program reserve	229,821	121,018
Transfer (surplus) to Fighting Fund reserve	(1,240,841)	-
Transfer from asset revaluation reserve (Sale of QLD Unit Trust)	-	252,213
Transfer from asset revaluation reserve (Sale of SA Unit Trust)	-	84,866
Balance at the end of the year	<u>11,912,356</u>	<u>11,599,921</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
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	2003	2002
	\$	\$
<b>NOTE 16 STATEMENT OF CASH FLOWS</b>		
a) Reconciliation of cash		
Cash balance comprises		
Cash on hand	800	800
Cash at bank	1,266,025	703,045
Cash on deposit	7,216,084	5,218,479
	<u>8,482,909</u>	<u>5,922,324</u>
b) Reconciliation of the operating surplus to the net cash flows from operations		
Operating surplus	1,323,455	117,644
Provision for long service leave	122,871	(85,655)
Provision for annual leave	55,257	110,350
Depreciation of property, plant and equipment	210,124	199,038
Deficit on disposal of non current assets	9,349	12,082
Changes in assets and liabilities		
(Decrease)/increase in trade creditors	(9,746)	563,830
Increase in branch creditors	4,336	88,746
Increase in related party creditors	6,549	-
Increase in accrued expenses	917,823	238,576
(Increase) in trade debtors	(272,822)	(255,700)
(Increase)/decrease in branch debtors	(47,387)	1,205
(Increase)/decrease in related parties debtors	(156,659)	294,329
(Increase) in prepayments	(39,111)	(56,710)
(Decrease) in income in advance	(3,316)	(6,120)
(Decrease)/increase in net GST payable	(332,046)	229,044
Increase in government grants	1,106,368	3,761,140
(Decrease) in voluntary levy	-	(182,255)
	<u>2,895,045</u>	<u>5,029,544</u>

**NOTE 17 LEASE COMMITMENTS**

Operating leases (non-cancellable)		
Not later than one year	602,784	618,066
Later than one year and not later than five years	2,378,776	2,372,143
Later than five years	892,041	1,480,163
	<u>3,873,601</u>	<u>4,470,372</u>

Operating leases have an average lease term of 5.3 years and an average rate of 7.90%.

Operating leases are for motor vehicles and the National Secretariat's premises at Barton.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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**NOTE 18 RELATED PARTY DISCLOSURES**

- a) The National Council of The Pharmacy Guild of Australia during the financial year comprised:

SI BANKS  
JOHN BRONGER  
HARVEY CUTHILL  
JOHN DORNAN  
JOHN DOWLING  
ROB FOSTER  
HUMPHREY GEORGE AM (retired 19 November 2002)  
TIMOTHY LOGAN  
IAN MARSHALL  
KEVIN MCANUFF  
PETER MCBEATH  
DAVID NOTLE  
PATRICK REID  
KOS SCLAVOS (elected 19 November 2002 but was on leave of absence to 2 June 2003)  
PAUL SIMMONS (elected 19 November 2002)  
BILL SCOTT  
IAN TODD  
RICK XYNIAS (retired 19 November 2002)  
HARRY ZAFER  
MICHAEL FARRELL (acted as alternate National Councillor from 1 July 2002 to 1 June 2003)

- b) The following related party transactions occurred during the financial year:

Transactions with related parties:

- i. The National Secretariat provided a loan of \$411,580 (2002 \$411,580) to the Gold Cross Products and Services Pty Ltd. Interest payments on the loan totalled \$25,944 (2002 \$25,944). The loan was made under normal terms and conditions.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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	2003	2002
	\$	\$
ii. Subscriptions income was received from the following Branches:		
New South Wales	1,557,013	764,695
Victoria	1,030,977	483,222
Queensland	854,556	389,701
South Australia	353,852	154,905
Western Australia	452,778	218,002
Tasmania	125,639	63,815
Australian Capital Territory	58,089	24,705
	<u>4,432,904</u>	<u>2,099,045</u>
iii. Branch debtors as at 30 June 2003 comprised:		
New South Wales	13,203	5,504
Victoria	11,138	7,355
Queensland	7,917	573
South Australia	26,107	-
Western Australia	8,122	8,295
Tasmania	2,483	4,258
Australian Capital Territory	9,942	5,540
	<u>78,912</u>	<u>31,525</u>
iv. Branch creditors as at 30 June 2003 comprised:		
New South Wales	52,237	18,761
Victoria	29,068	37,381
Queensland	32,736	87,431
South Australia	12,551	11,893
Western Australia	13,699	6,701
Tasmania	30,474	5,831
Australian Capital Territory	913	295
Northern Territory	951	-
	<u>172,629</u>	<u>168,293</u>
v. The National Secretariat has given a subsidy to the Tasmanian and Northern Territory branch	<u>28,000</u>	<u>25,000</u>
vi. Rent charged to Branches and other related parties during the year.	<u>50,291</u>	<u>129,123</u>
vii. Certificate fees received from the Branches in relation to completion of modules in the Pharmacy Assistants training course.	<u>54,980</u>	<u>50,737</u>
viii. During the year the National Secretariat received interest income from Guild Insurance & Financial Services Holdings Limited.	<u>1,087,960</u>	<u>764,782</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
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	2003	2002
	\$	\$
ix. During the year the National Secretariat received income from Guild Insurance Limited.	1,701,940	1,585,018
x. Distributions from unit trusts received by the National Secretariat were as follows:		
Guild Properties (Queensland) Unit Trust	-	28,563
Guild Properties (South Australia) Unit Trust	-	10,316
	-	38,879
xi. During the year the National Secretariat received income from Gold Cross Products and Services Pty Ltd.	1,142,573	1,035,188
xii. During the year the National Secretariat paid commissions to the Branches on Gold Cross Products and Services Pty Ltd income.	294,053	263,684
xiii. During the year the National Secretariat received sponsorship income from Gold Cross Products and Services Pty Ltd.	150,000	70,000
xiv. The National Secretariat has given a subsidy to the ACT Branch to part fund their operations.	6,250	-

**NOTE 19 REMUNERATION OF NATIONAL COUNCILLORS**

(a) National Councillors' remuneration

Amounts received or due and receivable by the councillors of the Pharmacy Guild of Australia from the National Secretariat

219,643	217,205
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**NOTE 20 CONTINGENT LIABILITIES**

There are no contingent liabilities.

**NOTE 21 SEGMENT REPORTING**

The National Secretariat of The Pharmacy Guild of Australia operates in one business segment being provision of services to Pharmacists and in one geographical segment being within Australia.

**NOTE 22 SUBSEQUENT EVENTS**

There are no subsequent events.



**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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**NOTE 23 FINANCIAL INSTRUMENTS**

(a) Interest Rate Risk

The entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing			
	2003	2002	2003	2002	Within 1 Year		1 to 5 Years	
	%	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>								
Cash	3.82	3.84	1,266,825	703,845	-	-	-	-
Short Term Deposits	4.78	4.57	7,216,084	5,218,479	-	-	-	-
Amounts receivable from controlled entity								
Gold Cross Products & Services	6.30	6.30	-	-	411,580	411,580	-	-
GIFSH Limited *	5.45	5.08	-	-	-	-	6,000,000	6,000,000
GIFSH Limited *	7.29	-	-	-	-	-	2,000,000	2,000,000
GIFSH Limited *	5.65	5.65	-	-	-	-	10,833,551	10,833,551
<b>Total Financial Assets</b>			<b>8,482,909</b>	<b>5,922,324</b>	<b>411,580</b>	<b>411,580</b>	<b>18,833,551</b>	<b>18,833,551</b>
<b>Financial Liabilities</b>								
Unsecured loan	7.29	-	2,000,000	2,000,000	-	-	-	-

All other Financial instruments are non interest bearing and therefore the entity is not exposed to any interest rate risk.

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

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

(c) Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the accounts.

\* Guild Insurance and Financial Services Holdings Limited