



**Australian Government**  
**Australian Industrial Registry**

Level 35, Nauru House  
80 Collins Street, Melbourne, VIC 3000  
GPO Box 1994S, Melbourne, VIC 3001  
Telephone: (03) 8661 7817  
Fax: (03) 9654 6672

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

Dear Mr Banks,

**Re: Schedule 1B of the Workplace Relations Act 1996 (the RAO Schedule)  
Financial reports for year ended 30 June 2004 - FR2004/298**

Thank you for the financial reports of The Pharmacy Guild of Australia for the year ended 30 June 2004. The documents were lodged in the Industrial Registry on 6 December 2004.

The documents have been filed and no further action is requested.

I should take this opportunity to raise with you a matter I recently discussed with Mr Gordon Lloyd of the Guild in relation to the presentation of financial reports. I note in your certificate of verification of 1 December 2004 (commonly known as the designated officer's certificate) that the financial reports were presented to a meeting of the National Council on 23 November 2004. As you might be aware, new rule 47A of the rules of the Guild, that deals with the presentation of financial reports invoking the statutory scheme of s266 of Schedule 1B, was certified without comment by the Registrar on 30 April 2004.

Since then, the Registrar has reviewed the terms of the legislation and found that subsection 266(3) is not qualified by reference to a percentage of financial membership. This is not the fault of the Guild but as a consequence, unless the word 'financial' (first appearing in that rule) is deleted, it will not relieve the Guild from the yearly obligation under subsection 266(1) to cause a full report of its accounts to be presented to a general meeting of the members. This obligation does not apply to the financial reports for year ended 30 June 2004 because of the lateness of the advice.

I would welcome further discussions with yourself or Mr Lloyd, with whom I have a fond working relationship. My contact details are: robert.pfeiffer@air.gov.au or telephone (03) 8661 7817.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Pfeiffer'.

Robert Pfeiffer  
Statutory Services Branch, Melbourne

31 March 2005



The PHARMACY GUILD of AUSTRALIA  
NATIONAL SECRETARIAT

- 6 DEC 2004

**CERTIFICATION OF VERIFICATION**

**IN ACCORDANCE WITH SECTION 268 OF THE WRA SCHEDULE 1B - RAO**

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 General Purpose Financial Report, Operating Report and Committee of Management's Statement together with the independent Auditor's report for the year ended 30 June 2004 and that the Report was supplied to members on 1 November 2004 via the Pharmacy Guild of Australia website. Members were informed that the annual report was available on the website via the National newsletter dated 18 October 2004, 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 General Purpose Financial Report, Operating Report and Committee of Management's Statement together with the independent Auditor's report for the year ended 30 June 2004 was adopted by National Council of The Pharmacy Guild of Australia by a resolution carried by a meeting of the National Council held on 23 November 2004.

DATED THIS FIRST DAY OF DECEMBER 2004



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

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

### Matters relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of the Pharmacy Guild of Australia – National Secretariat (the Guild) for the year ended 30 June 2004 included on the Guild's web site. The Guild's National Councillors are responsible for the integrity of the Guild's web site. We have not been engaged to report on the integrity of the Guild's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

### 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, the operating report and the committee of management's statement for the Pharmacy Guild of Australia - National Secretariat for the year ended 30 June 2004.

The National Councillors of the Guild are responsible for preparing a financial report that presents fairly the financial position and performance of the Guild, and that complies with Accounting Standards in Australia, 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 Guild. 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 Guild'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 Guild.

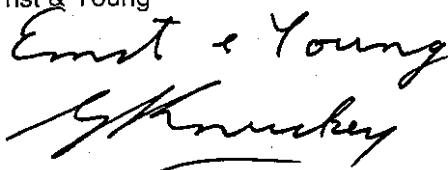
#### Independence

We are independent of the Guild, 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, the financial report of the Pharmacy Guild of Australia - National Secretariat presents fairly in accordance with the *Workplace Relations Act 1996*, including Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Guild's financial position as at 30 June 2004 and of its performance as represented by the results of its operations and cash flows for the year then ended.

Ernst & Young



G J Knuckey

Partner

Registered Company Auditor

Member of the Institute of Chartered Accountants in Australia

Canberra

Date: 19 October 2004

# THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT

## OPERATING REPORT

I, SILAS BELL BANKS, being the designated officer responsible for preparing this report for the financial year ended 30 June 2004 of The Pharmacy Guild of Australia - National Secretariat, report as follows:

(a) **Principal Activities:**

- (i) The Pharmacy Guild of Australia ("the Guild"), is an employers' organisation servicing the needs of proprietors of independent community pharmacies and to represent their interests in industrial matters.
- (ii) The Guild, functions as a single legal entity and reports under the Workplace Relations (Registration and Accountability of Organisations) Legislation 2003.
- (iii) The development of Guild policy is the responsibility of the Guild's supreme governing body, the National Council, on which all State and Territory Branches are represented.
- (iv) The implementation of this policy is overseen by the National Executive through the National Secretariat.
- (v) National Council also defines projects or areas of investigation that may include the development of objectives and targets. The Executive Director of the National Secretariat defines these objectives and targets based on National Council directions and also self generated issues.
- (vi) These issues are referred to the various National Secretariat Divisions who deliver the projects and services that address the various objectives and targets set for them.
- (vii) Included in the Annual report are the various reports compiled by the National Secretariat's Divisional Directors outlining the activities for the year. There were no significant changes in the nature of these activities during the year under review.

(b) **Significant financial changes:**

There have been no significant changes in the National Secretariat's principal activities or financial affairs during the period to which this report relates.

(c) **Members advice:**

- (i) under Section 174 of the Registration and Accountability of Organisations schedule (RAO) and Rule 36 of the Constitution of the Guild, a member may resign from membership by written notice addressed and delivered to the Branch Director;
- (ii) the register of members of the organisation was maintained in accordance with the RAO; and
- (iii) Section 272 of the RAO outlines members and the registrar's rights to certain prescribed information. This information is detailed in Note 2 of the financial statements.

(d) **Officers of the organisation holding the position of a trustee of a superannuation entity are as follows:**

- (i) Ian Todd, director of Fulham Management Group Pty Ltd which acts as trustee of the IP Todd Superannuation Fund.
- (ii) Timothy Logan, trustee of the Logan Family Superannuation Fund.
- (iii) Harvey Cuthill, director of the Hillcut Superannuation Fund.
- (iv) Si Banks, director of Lomani Pty Limited which acts as trustee for Ingleburn Health & Beauty Aids Superannuation Fund.
- (v) John Bronger, director of Chemistworks Management Pty Limited which acts as trustee for The Bronger Superannuation Fund.
- (vi) Peter McBeath, director of Petromac Pty Ltd which acts as trustee for the McBeath Superannuation Fund.

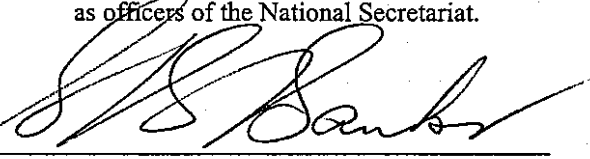
(e) **Prescribed and other Information:**

- (i) As at 30 June 2004 to which this report relates the number of members of the organisation was 3,947 including Honorary Life Members.
- (ii) As at 30 June 2004 the total number of employees employed by the reporting entity was 62.
- (iii) During the reporting period the following persons were members of National Council:

SB Banks	JW Bronger	HWG Cuthill	JH Dorman
JC Dowling	RJC Foster	TJ Logan	IK Marshall
PS McBeath	DS Nolte	PW Reid	KS Sclavos
PD Simmons	WJ Scott	IP Todd	HD Zafer
ZL Mullen (elected 6 May 2004)			
KTJ McAnuff (deceased 18 January 2004)			
AJ Hinds (acted as alternate National Councillor from 18 January 2004 to 5 May 2004)			

(f) **Insurance of Officers:**

During the financial year, the National Secretariat paid insurance to cover all officers of the National Secretariat. The officers of the National Secretariat covered by the insurance policy include all the National Councillors and the Executive Director. Other officers covered by the contract are the management of the National Secretariat. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the National Secretariat.



SILAS BELL BANKS

19 October 2004

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**

**COMMITTEE OF MANAGEMENT'S STATEMENT**

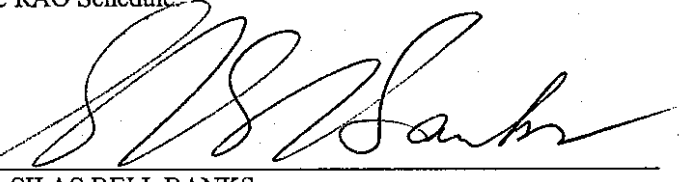
We, JOHN WILLIAM BRONGER and, SILAS BELL BANKS being two members of the National Council of The Pharmacy Guild of Australia, do state on behalf of the National Council and in accordance with a resolution passed by the National Council on 18 October 2004 that in relation to the General Purpose Financial Report of the National Secretariat, the opinion of National Council is as follows:

- (a) the attached financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the National Secretariat as at 30 June 2004;
- (d) there are reasonable grounds to believe that the National Secretariat will be able to pay its debts as and when they become due and payable;
- (e) during the year to which the attached General Purpose Financial Report relates and since the end of that year:
  - (i) meetings of the National Council were held in accordance with the rules of the organisation; and
  - (ii) the financial affairs of the National Secretariat have been managed in accordance with the rules of the organisation; and
  - (iii) the financial records of the National Secretariat have been kept and maintained in accordance with the Registration and Accountability of Organisations (RAO) Schedule and Regulations; and
  - (iv) to the knowledge of any member of the National Council, there have been no instances where records of the organisation or other documents have not been furnished, or made available, to members or the Registrar in accordance with the requirements of section 272 of the RAO Schedule; and
  - (v) The National Secretariat has complied with any order for inspection of financial records made by the Commissioner under section 273 of the RAO Schedule.



JOHN WILLIAM BRONGER

19 October 2004



SILAS BELL BANKS

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2004**

	NOTES	2004 \$	2003 \$
<b>CURRENT ASSETS</b>			
Cash	5	8,427,620	8,482,909
Receivables	6	3,936,890	2,716,987
Other	7	124,331	122,724
<b>TOTAL CURRENT ASSETS</b>		<u>12,488,841</u>	<u>11,322,620</u>
<b>NON - CURRENT ASSETS</b>			
Receivables	8	18,975,440	19,385,440
Investments	9	2,986,261	2,986,261
Property, plant and equipment	10	827,012	723,496
<b>TOTAL NON - CURRENT ASSETS</b>		<u>22,788,713</u>	<u>23,095,197</u>
<b>TOTAL ASSETS</b>		<u>35,277,554</u>	<u>34,417,817</u>
<b>CURRENT LIABILITIES</b>			
Payables	11	10,769,348	10,051,028
Provisions	12	1,067,563	947,496
<b>TOTAL CURRENT LIABILITIES</b>		<u>11,836,911</u>	<u>10,998,524</u>
<b>NON - CURRENT LIABILITIES</b>			
Borrowings	13	1,600,000	2,000,000
Provisions	14	113,486	77,597
<b>TOTAL NON - CURRENT LIABILITIES</b>		<u>1,713,486</u>	<u>2,077,597</u>
<b>TOTAL LIABILITIES</b>		<u>13,550,397</u>	<u>13,076,121</u>
<b>NET ASSETS</b>		<u>21,727,157</u>	<u>21,341,696</u>
<b>ACCUMULATED FUNDS AND RESERVES</b>			
Reserves	15	2,582,330	9,429,340
Accumulated funds	15	19,144,827	11,912,356
		<u>21,727,157</u>	<u>21,341,696</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	NOTES	2004 \$	2003 \$
<b>REVENUE FROM ORDINARY ACTIVITIES</b>	3	27,911,657	23,415,948
Remuneration and employee benefits expense	4 (a)	(6,071,447)	(5,534,507)
Depreciation		(214,283)	(210,124)
Other expenses from ordinary activities	4 (b)	(21,240,466)	(16,347,862)
		<u>385,461</u>	<u>1,323,455</u>
<b>NET SURPLUS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO MEMBERS OF THE PHARMACY GUILD OF AUSTRALIA</b>		<u>385,461</u>	<u>1,323,455</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>385,461</u>	<u>1,323,455</u>
 <b>Surplus from Ordinary Activities consists of:</b>			
(Deficit)/surplus from all Divisions excluding Quality Care Pharmacy Program		(56,080)	312,435
Surplus/(deficit) from Quality Care Pharmacy Program		646,378	(229,821)
(Deficit)/surplus from the National Fighting Fund		(204,837)	1,240,841
		<u>385,461</u>	<u>1,323,455</u>



**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**STATEMENT OF CASHFLOWS FOR YEAR ENDED 30 JUNE 2004**

	NOTES	2004 \$	2003 \$
<b>Cash flows from operating activities</b>			
Receipts from operations		13,049,595	12,371,533
Payments to suppliers and employees		(31,511,728)	(23,392,985)
Interest received		1,267,307	1,183,430
Grants received		18,244,572	14,092,357
Interest paid		(139,045)	(147,778)
GST paid		(146,708)	(1,211,512)
<b>Net cash flows generated from operating activities</b>	16 (a)	<u>763,993</u>	<u>2,895,045</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(473,586)	(278,497)
Proceeds from sale of property, plant and equipment		119,090	51,681
Funds held on trust		(74,786)	(107,644)
Proceeds from AACP loan repayment		10,000	-
<b>Net cash flows (used in) investing activities</b>		<u>(419,282)</u>	<u>(334,460)</u>
<b>Cash flows from financing activities</b>			
Repayment of bank loan		(400,000)	-
<b>Net cash flows (used in) financing activities</b>		<u>(400,000)</u>	<u>-</u>
Net (decrease)/increase in cash held		(55,289)	2,560,585
Add opening cash brought forward		8,482,909	5,922,324
<b>Closing cash carried forward</b>	16 (b)	<u><u>8,427,620</u></u>	<u><u>8,482,909</u></u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2004**

**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 applicable Accounting Standards and disclosures required by the Registration and Accountability of Organisations (RAO) (Schedule 1B to 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 artwork, 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.

Major depreciation periods are:

	2004	2003
Plant and equipment	3 to 10 years	3 to 10 years

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2004**

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

**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. Interest, when charged by a lender, is recognised as an expense on an accrual basis.

**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.

*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 PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2004**

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

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

*Goods and Services Tax (GST) (cont'd)*

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.

**l) Comparatives**

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

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

In accordance with the requirements of the Registration and Accountability of Organisations Schedule - RAO (Schedule 1B to the Workplace Relations Act 1996), the attention of members is drawn to the provisions of sub-sections (1), (2), and (3) of section 272 which read as follows:

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

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2004**

	2004	2003
	\$	\$
<b>NOTE 3 REVENUE FROM ORDINARY ACTIVITIES</b>		
<b>Revenues from operating activities</b>		
Membership subscriptions ex branches	4,494,002	4,432,904
Grants received	16,664,230	13,009,958
Income from Quality Care Pharmacy Program (QCPP)		
Membership subscriptions	1,408,350	883,564
Sale of QCPP related items	155,687	180,898
Sponsorship income	84,182	207,182
DUSC income	216,568	182,468
<b>Total revenues from operating activities</b>	<b>23,023,019</b>	<b>18,896,974</b>
<b>Revenues from non-operating activities</b>		
Interest received		
Controlled entities	1,110,461	1,113,904
Other corporations	156,846	69,526
Commissions from controlled entity	1,212,093	1,142,573
Referral fees from controlled entity	1,772,140	1,701,940
Rent received from branches and other related parties	52,929	50,291
Other income	465,079	389,059
Proceeds from disposal of property, plant and equipment	119,090	51,681
<b>Total revenues from outside the operating activities</b>	<b>4,888,638</b>	<b>4,518,974</b>
<b>Total revenues from ordinary activities</b>	<b>27,911,657</b>	<b>23,415,948</b>

**NOTE 4 EXPENSES**

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

Remuneration to elected officials	714,837	643,824
Remuneration to employees	4,048,422	3,706,083
Superannuation to elected officials	89,045	85,620
Superannuation to employees	585,255	554,482
Provision for annual leave	85,535	57,373
Provision for long service leave	116,218	128,287
Other on-costs (payroll tax and workers compensation expenses)	432,135	358,838
<b>Total remuneration and employee benefits expense</b>	<b>6,071,447</b>	<b>5,534,507</b>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2004**

	2004	2003
	\$	\$
<b>NOTE 4 EXPENSES (cont'd)</b>		
<b>(b) Other expenses from ordinary activities</b>		
Affiliation fees	66,893	61,646
Donations	104,293	71,990
Remuneration to auditors		
- Audit fees	32,200	31,210
- Other services	80,558	56,951
Legal expenses	815,422	270,899
Consultants expenses	488,885	499,731
DUSC expenses	74,016	119,504
Meeting expenses and allowances		
- National Council	534,080	290,517
- Chairman and committee expenses	95,853	82,332
- Other meeting expenses	3,480	3,366
Grants and subsidies to branches	350,902	28,000
Commissions to branches	310,293	294,053
Administrative expenses	451,681	189,702
Rent paid	576,031	575,484
Interest paid	139,045	147,778
Grants expended	14,830,740	11,419,134
Expenses from Quality Care Pharmacy Program (QCPP)		
- Payments made to AIPM and PSA	52,077	40,616
- Standards materials expenses	50,491	52,362
Travel expenses (local and overseas)	405,600	375,465
Special projects	328,655	308,278
Other expenses	1,449,271	1,428,844
<b>Total other expenses from ordinary activities</b>	<b>21,240,466</b>	<b>16,347,862</b>
<b>(c) Losses</b>		
Net loss on disposal of property, plant and equipment	36,696	9,349

**NOTE 5 CASH**

<b>Guild cash</b>		
Cash at bank and on hand	842,002	849,925
Cash on short term deposit	814,521	302,438
	<u>1,656,523</u>	<u>1,152,363</u>
<b>Cash held in Trust</b>		
Cash at bank held in Trust	268,825	416,900
Cash on short term deposit held in Trust	6,502,272	6,913,646
	<u>6,771,097</u>	<u>7,330,546</u>
<b>Total cash</b>	<b>8,427,620</b>	<b>8,482,909</b>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2004**

	2004	2003
	\$	\$
<b>NOTE 6 RECEIVABLES (CURRENT)</b>		
Trade debtors and other debtors	2,332,492	939,898
Amounts receivable from related entities		
Branch debtors	88,093	78,912
Amounts receivable from controlled entities		
Gold Cross Products and Services Pty Ltd	141,637	203,797
Guild Insurance Limited	396,366	400,789
GST receivable	453,348	480,216
Government grants receivable *	524,954	613,375
	<u>3,936,890</u>	<u>2,716,987</u>
Trade debtors includes the following amounts owing by a related entity		
Associated entity	<u>14,478</u>	<u>3,400</u>

\* The Guild entered into a contractual arrangement with the Commonwealth of Australia, as represented by the Department of Health and Ageing (the Department), to undertake a project designed to develop and test e-Dispensing and e-Claiming standards (the standards) for use by dispensing software developers. The contract was entitled "Building Better e-Dispensing and Claiming Standards for Community Pharmacy Project" (BEDAC).

At balance date, the Department has not accepted the final report provided by the Guild on the project. As a result, the final payment due under the contract of \$524,954 has been disclosed as a receivable in the financial statements.

The Guild has taken legal advice from its solicitors concerning the Guild's performance under the contractual arrangements. The Guild is satisfied that its claim for payment is well based.

Considerable correspondence and discussion has taken place to resolve the matter with the Department. Those discussions are continuing. The matter is still unresolved at the date of this report. Based on advice from the Guild's Project Manager of the Contract and an assessment of the legal issues by the Guild's lawyers, the National Council is of the opinion that the amount of \$524,954 is recoverable under the contract at balance date.

The Guild is presently awaiting final sign off and acceptance by the Department of particular standards for release to all dispensing software developers. These standards are critical to the rollout of not only *MediConnect* but also other online initiatives such as PBS On-line and Concession Entitlement Validation.

**NOTE 7 OTHER**

Prepayments	124,331	122,724
	<u>124,331</u>	<u>122,724</u>

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	2004	2003
	\$	\$
<b>NOTE 8 RECEIVABLES (NON-CURRENT)</b>		
Unsecured loans to associated entity		
Australian Association of Consultant Pharmacy Pty Limited	80,000	90,000
Unsecured loans to controlled entities		
Guild Insurance & Financial Services Holdings Limited	18,483,860	18,883,860
Gold Cross Products and Services Pty Ltd	411,580	411,580
	<u>18,975,440</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.

**NOTE 9 INVESTMENTS**

**Investments at cost comprise:**

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>	<u>2,986,261</u>	<u>2,986,261</u>



**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
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	2004	2003
	\$	\$
<b>NOTE 10 PROPERTY, PLANT AND EQUIPMENT</b>		
Office equipment - at cost	860,702	736,939
Less accumulated depreciation	(559,904)	(452,695)
	<u>300,798</u>	<u>284,244</u>
Motor vehicles - at cost	604,919	587,780
Less accumulated depreciation	(177,131)	(206,754)
	<u>427,788</u>	<u>381,026</u>
Artwork - at cost	81,800	41,600
Less accumulated depreciation	-	-
	<u>81,800</u>	<u>41,600</u>
Antiques - at cost	23,183	23,183
Less accumulated depreciation	(6,557)	(6,557)
	<u>16,626</u>	<u>16,626</u>
	<u>827,012</u>	<u>723,496</u>
<b>(a) Reconciliations</b>		
<i>Office equipment - at cost</i>		
Carrying amount at beginning	284,244	302,949
Additions	147,377	97,906
Disposals	(3,835)	-
Depreciation expense	(126,988)	(116,611)
Carrying amount at end	<u>300,798</u>	<u>284,244</u>
<i>Motor vehicles - at cost</i>		
Carrying amount at beginning	381,026	354,978
Additions	286,009	180,591
Disposals	(151,952)	(61,030)
Depreciation expense	(87,295)	(93,513)
Carrying amount at end	<u>427,788</u>	<u>381,026</u>
<i>Artwork - at cost</i>		
Carrying amount at beginning	41,600	41,600
Additions	40,200	-
Carrying amount at end	<u>81,800</u>	<u>41,600</u>
<i>Antiques - at cost</i>		
Carrying amount at beginning and end	<u>16,626</u>	<u>16,626</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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	2004	2003
	\$	\$
<b>NOTE 11 PAYABLES (CURRENT)</b>		
Trade creditors	836,906	667,067
Accrued expenses	807,471	1,862,517
Amounts payable to related entities		
Branch creditors	441,832	172,629
Guild Insurance Limited	53,640	-
Gold Cross Products and Services Pty Ltd	-	6,549
Amounts held on trust		
MPA	18,489	19,261
Sclavos appeal	-	74,014
Government grants in advance	8,132,825	6,635,874
Income in advance	233,570	236,364
GST payable	244,615	376,753
	<u>10,769,348</u>	<u>10,051,028</u>

Payables include the following:

    Amounts due to associated entity  
    Legal fees payable

165	-
191,743	193,530
<u>191,908</u>	<u>193,530</u>

**NOTE 12 PROVISIONS (CURRENT)**

Provision for annual leave	583,582	526,341
Provision for long service leave	483,981	421,155
	<u>1,067,563</u>	<u>947,496</u>

Provisions (Current) include the following

    Employee entitlements in respect of holders of offices

219,237	198,697
<u>219,237</u>	<u>198,697</u>

**NOTE 13 BORROWINGS**

Bank loan	<u>1,600,000</u>	<u>2,000,000</u>
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- 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.

**NOTE 14 PROVISIONS (NON - CURRENT)**

Provision for long service leave	<u>113,486</u>	<u>77,597</u>
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**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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	2004	2003
	\$	\$

**NOTE 15 RESERVES**

**(a) Asset revaluation reserve**

Balance at the beginning of the year	7,288,551	7,288,551
Transfer to accumulated funds	(7,288,551)	-
Balance at the end of the year	-	7,288,551

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

Balance at the beginning of year	899,948	1,129,769
Transfer from accumulated funds	646,378	(229,821)
Balance at the end of year	1,546,326	899,948

**(c) National Fighting Fund reserve**

Balance at the beginning of year	1,240,841	-
Transfer from accumulated funds	(204,837)	1,240,841
Balance at the end of year	1,036,004	1,240,841
<b>Total Reserves</b>	<b>2,582,330</b>	<b>9,429,340</b>

**(a) Asset revaluation reserve**

The Asset Revaluation Reserve is used to record increments and decrements in the value of non-current assets. The amount in this reserve has been transferred in its entirety to the Accumulated Funds as at 30 June 2004.

**(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 2004 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	11,912,356	11,599,921
Net surplus attributable to Guild	385,461	1,323,455
Transfer (surplus)/deficit to Quality Care Pharmacy Program reserve	(646,378)	229,821
Transfer deficit/(surplus) to Fighting Fund reserve	204,837	(1,240,841)
Transfer from asset revaluation reserve	7,288,551	-
Balance at the end of the year	19,144,827	11,912,356

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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	2004	2003
	\$	\$
<b>NOTE 16 STATEMENT OF CASH FLOWS</b>		
a) Reconciliation of the operating surplus to the net cash flows from operations		
Operating surplus	385,461	1,323,455
Provision for long service leave	98,715	122,871
Provision for annual leave	57,241	55,257
Depreciation of property, plant and equipment	214,284	210,124
Deficit on disposal of non current assets	36,696	9,349
Changes in assets and liabilities		
Increase/(decrease) in trade creditors	169,839	(9,746)
Increase in branch creditors	269,203	4,336
Increase in related party creditors	47,091	6,549
(Decrease)/increase in accrued expenses	(1,055,046)	917,823
(Increase) in trade debtors	(1,392,594)	(272,822)
(Increase) in branch debtors	(9,181)	(47,387)
Decrease/(increase) in related parties debtors	466,583	(156,659)
(Increase) in prepayments	(1,607)	(39,111)
(Decrease) in income in advance	(2,794)	(3,316)
(Decrease) in net GST payable	(105,270)	(332,046)
Increase in government grants	1,585,372	1,106,368
	<u>763,993</u>	<u>2,895,045</u>
b) Reconciliation of cash		
Cash balance comprises		
Cash on hand	950	800
Cash at bank	1,109,877	1,266,025
Cash on deposit	7,316,793	7,216,084
	<u>8,427,620</u>	<u>8,482,909</u>
c) Financing facilities available		
At reporting date, the following financing facilities had been negotiated and were available:		
<i>Total facilities</i>		
- Bank loan	2,000,000	2,000,000
<i>Facilities used</i>		
- Bank loan	1,600,000	2,000,000
<i>Facilities unused</i>		
- Bank loan	400,000	-
<b>NOTE 17 LEASE COMMITMENTS</b>		
Operating leases (non-cancellable)		
Not later than one year	613,234	602,784
Later than one year and not later than five years	2,723,486	2,378,776
Later than five years	-	892,041
	<u>3,336,720</u>	<u>3,873,601</u>

Operating leases have an average lease term of 3.5 years and an average rate of 7.75%.

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

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
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**NOTE 18 RELATED PARTY DISCLOSURES**

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

S.B. BANKS  
J.W. BRONGER  
H.W.G. CUTHILL  
J.H. DORNAN  
J.C. DOWLING  
R.J.C. FOSTER  
T.J. LOGAN  
I.K. MARSHALL  
K.T.J. MCANUFF (deceased 18 January 2004)  
P.S. MCBEATH  
Z.L. MULLEN (elected 6 May 2004)  
D.S. NOLTE  
P.W. REID  
K.S. SCLAVOS  
P.D. SIMMONS  
W.J. SCOTT  
I.P. TODD  
H.D. ZAFER  
A.J. HINDS (acted as alternate National Councillor from 18 January 2004 to 5 May 2004)

- 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 (2003 \$411,580) to the Gold Cross Products and Services Pty Ltd. Interest payments on the loan totalled \$25,944 (2003 \$25,944). The loan was made under normal terms and conditions.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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	2004	2003
	\$	\$
ii. Subscriptions income was received from the following Branches:		
New South Wales	1,579,345	1,557,013
Victoria	1,052,957	1,030,977
Queensland	854,911	854,556
South Australia	348,333	353,852
Western Australia	449,644	452,778
Tasmania	129,031	125,639
Australian Capital Territory	58,689	58,089
Northern Territory	21,092	-
	<u>4,494,002</u>	<u>4,432,904</u>
iii. Branch debtors as at 30 June 2004 comprised:		
New South Wales	39,134	13,203
Victoria	13,390	11,138
Queensland	1,070	7,917
South Australia	12,037	26,107
Western Australia	6,929	8,122
Tasmania	-	2,483
Australian Capital Territory	14,361	9,942
Northern Territory	1,172	-
	<u>88,093</u>	<u>78,912</u>
iv. Branch creditors as at 30 June 2004 comprised:		
New South Wales	120,528	52,237
Victoria	91,044	29,068
Queensland	37,294	32,736
South Australia	33,335	12,551
Western Australia	48,609	13,699
Tasmania	63,523	30,474
Australian Capital Territory	45,668	913
Northern Territory	1,831	951
	<u>441,832</u>	<u>172,629</u>
v. The National Secretariat has given a subsidy to the following Branches to part fund their operations		
New South Wales	82,255	-
Victoria	31,200	-
South Australia	20,000	-
Tasmania	50,000	25,000
Australian Capital Territory	117,447	6,250
Northern Territory	50,000	3,000
	<u>350,902</u>	<u>34,250</u>
vi. Rent charged to Branches and other related parties during the year.	<u>52,929</u>	<u>50,291</u>
vii. Certificate fees received from the Branches in relation to completion of modules in the Pharmacy Assistants training course.	<u>1,660</u>	<u>54,980</u>
viii. During the year the National Secretariat received interest income from Guild Insurance & Financial Services Holdings Limited.	<u>1,084,517</u>	<u>1,087,960</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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	2004	2003
	\$	\$
ix. During the year the National Secretariat received income from Guild Insurance Limited.	1,775,140	1,701,940
x. During the year the National Secretariat received Guild digest income from the Branches	93,604	93,114
xi. During the year the National Secretariat received income from Gold Cross Products and Services Pty Ltd.	1,212,093	1,142,573
xii. During the year the National Secretariat paid commissions to the Branches on Gold Cross Products and Services Pty Ltd income.	310,293	294,053
xiii. During the year the National Secretariat received sponsorship income from Gold Cross Products and Services Pty Ltd.	-	150,000
xiv. During the year the National Secretariat received income from Gold Cross Products and Services Pty Ltd for their publications	35,700	47,700
xv. During the year the National Secretariat received income from Guild Insurance Limited for advertising in their publications	15,000	15,000

**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

275,089	219,643
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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**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
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**NOTE 23 IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS**

The National Secretariat of The Pharmacy Guild of Australia has commenced transitioning its accounting policies and financial reporting from current Australian standards to Australian equivalents of International Financial Reporting Standards (IFRS). The organisation has allocated internal resources and engaged expert consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, the National Secretariat has graded impact areas and established a project team to address these areas. As the National Secretariat has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the National Secretariat prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the National Secretariat. At this stage the organisation has not been able to reliably quantify the impacts on the financial report.

*Impairment of Assets*

Under the Australian equivalent to IAS 36 Impairment of Assets, the recoverable amount of an asset is determined as the higher of net selling price and value in use. Additionally at each reporting date, the entity is required to assess if any indicators exist that assets are impaired and perform an impairment test if required. Reliable estimation of future financial effects of this change in accounting policy is impracticable because of the conditions under which impairment will be assessed are not yet known.



**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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**NOTE 24 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			
	2004	2003	2004	2003	Within 1 Year		1 to 5 Years	
	%	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>								
Cash	4.65	3.82	1,110,827	1,266,825	-	-	-	-
Short Term Deposits	5.15	4.78	7,316,793	7,216,084	-	-	-	-
Amounts receivable from controlled entity								
Gold Cross Products & Services	6.30	6.30	-	-	411,580	411,580	-	-
GIFSH Limited *	5.52	5.45	-	-	-	-	6,000,000	6,000,000
GIFSH Limited *	7.55	7.29	-	-	-	-	1,600,000	2,000,000
GIFSH Limited *	5.65	5.65	-	-	-	-	10,833,551	10,833,551
<b>Total Financial Assets</b>			<b>8,427,620</b>	<b>8,482,909</b>	<b>411,580</b>	<b>411,580</b>	<b>18,433,551</b>	<b>18,833,551</b>
<b>Financial Liabilities</b>								
Unsecured loan	7.55	7.29	1,600,000	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