



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

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Mr Harold Zafer  
National Vice President (Finance)  
The Pharmacy Guild of Australia  
National Secretariat  
PO Box 7036  
Canberra Business Centre ACT 2610

Dear Mr Zafer

**Re: Financial Report for The Pharmacy Guild of Australia, National Secretariat for year ended 30 June 2007 – FR2007/421**

I acknowledge receipt of the financial report of The Pharmacy Guild of Australia, National Secretariat for the year ended 30 June 2007. The documents were lodged with the Registry on 30 November 2007.

The financial report has now been filed.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged.

***Operating Report***

*Trustee of superannuation entity*

Subsection 254(2)(d) of Schedule 1 requires details of any *officer or member* of the reporting unit who is a trustee, or a director of a company that is a trustee, of a superannuation entity or an exempt public sector superannuation scheme to be provided in the operating report “*where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation*”.

If no officers or members of the reporting unit is a trustee of a superannuation entity, the preferred wording to satisfy the s254(2)(d) is:

*“No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.”*

*Schedule 1*

Reference to Schedule 1B of the Act, should properly refer to Schedule 1.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Donnellan'. The signature is fluid and cursive, with a large loop for the letter 'D' and a long horizontal stroke extending to the right.

Kevin Donnellan

Statutory Services Branch  
12 December 2007



The PHARMACY GUILD of AUSTRALIA  
NATIONAL SECRETARIAT


**CERTIFICATION OF VERIFICATION**

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

I, HAROLD DENIS ZAFER, 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 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 2007 and that the Report was supplied to members on 7 November 2007 via the Pharmacy Guild of Australia website. Members were informed that the annual report was available on the website via the National newsletter dated 25 October 2007, 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 2007 was adopted by National Council of The Pharmacy Guild of Australia by a resolution carried by a meeting of the National Council held on 29 November 2007.

DATED THIS TWENTY NINTH DAY OF NOVEMBER 2007

  
.....  
**HAROLD DENIS ZAFER**  
**NATIONAL VICE PRESIDENT (FINANCE)**

## **Independent auditor's report to the members of Pharmacy Guild of Australia – National Secretariat**

We have audited the accompanying financial report of Pharmacy Guild of Australia – National Secretariat (the Guild), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the committee of management's statement.

### *National Councillors' Responsibility for the Financial Report*

The National Councillors of the Guild are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and with the *Workplace Relations Act 1996*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the National Councillors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the National Councillors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

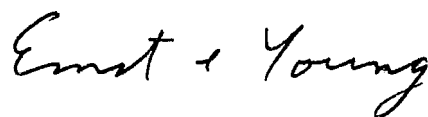
*Independence*

In conducting our audit we have met the independence requirements of the Australian professional accounting bodies. 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.

*Auditor's Opinion*

In our opinion:

1. the financial report presents fairly, in all material respects, the financial position of Pharmacy Guild of Australia – National Secretariat as of 30 June 2007, and of its financial performance and cash flows for the year then ended in accordance with the *Workplace Relations Act 1996*, including Australian Accounting Standards (including the Australian Accounting Interpretations); and
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.



Ernst & Young



G J Knuckey

Partner

Registered Company Auditor

Member of the Institute of Chartered Accountants in Australia

Canberra

22 October 2007

## THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT

### OPERATING REPORT

I, HAROLD DENIS ZAFER, being the designated officer responsible for preparing this report for the financial year ended 30 June 2007 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) The 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 the 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 3 of the financial statements.
- (d) **Prescribed and other Information:**
- (i) As at 30 June 2007 to which this report relates the number of members of the organisation was 3,700 including Honorary Life Members.
  - (ii) As at 30 June 2007 the total number of employees employed by the reporting entity was 60.
  - (iii) During the reporting period the following persons were members of National Council:
    - S.B. BANKS
    - P. DIBBEN (on leave of absence from 11 May 2006 to 9 November 2006)
    - J.H. DORNAN
    - J.C. DOWLING
    - R.J.C. FOSTER
    - J. LIAUW
    - T.J. LOGAN
    - I.K. MARSHALL (resigned 2 April 2007)
    - N. META (appointed 2 April 2007)
    - Z.L. MULLEN
    - K. PEACHEY
    - P.W. REID
    - D. SANGHVI
    - B. SCHULTZ
    - K.S. SCLAVOS
    - T. RILEY
    - I.P. TODD
    - H.D. ZAFER
    - B. O'LOUGHLIN (acting as alternate National Councillor from 11 May 2006 to 9 November 2006)

(e) **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.

  
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HAROLD DENIS ZAFER

22 October 2007

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

**COMMITTEE OF MANAGEMENT'S STATEMENT**

We, KOSMAS STAN SCLAVOS and, HAROLD DENIS ZAFER 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 19 October 2007 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 position of the National Secretariat as at 30 June 2007 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2007;
- (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.

  
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KOSMAS STAN SCLAVOS

22 October 2007

  
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HAROLD DENIS ZAFER

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2007**

	NOTES	2007 \$	2006 \$
<b>CONTINUING OPERATIONS</b>			
Revenue	4	18,856,495	19,535,366
Other income	4	9,833,250	7,584,440
		<u>28,689,745</u>	<u>27,119,806</u>
Remuneration and employee benefits expense	5	(7,486,053)	(6,577,577)
Depreciation		(255,842)	(269,136)
Other expenses	5	(19,342,320)	(17,372,730)
		<u>1,605,530</u>	<u>2,900,363</u>
<b>NET SURPLUS FROM CONTINUING OPERATIONS</b>		<u><u>1,605,530</u></u>	<u><u>2,900,363</u></u>
<b>NET SURPLUS ATTRIBUTABLE TO MEMBERS OF THE PHARMACY GUILD OF AUSTRALIA</b>		<u><u>1,605,530</u></u>	<u><u>2,900,363</u></u>

**The Net Surplus consists of:**

Surplus from all Divisions excluding Quality Care Pharmacy Program and National Fighting Fund	2,754,209	1,870,355
(Deficit)/surplus from Quality Care Pharmacy Program	(1,135,340)	690,815
(Deficit)/surplus from the National Fighting Fund	(13,339)	339,193
	<u>1,605,530</u>	<u>2,900,363</u>



**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
BALANCE SHEET  
AS AT 30 JUNE 2007**

	NOTES	2007 \$	2006 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	8,877,958	5,934,204
Trade and other receivables	8	6,751,109	3,789,719
Other current assets	9	61,364	63,072
<b>TOTAL CURRENT ASSETS</b>		<u>15,690,431</u>	<u>9,786,995</u>
<b>NON - CURRENT ASSETS</b>			
Available-for-sale financial assets	10	3,061,621	2,123,393
Other financial assets	11	23,058,703	23,701,163
Property, plant and equipment	12	736,972	910,202
<b>TOTAL NON - CURRENT ASSETS</b>		<u>26,857,296</u>	<u>26,734,758</u>
<b>TOTAL ASSETS</b>		<u>42,547,727</u>	<u>36,521,753</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	10,495,512	6,618,089
Provisions	14	596,502	426,382
<b>TOTAL CURRENT LIABILITIES</b>		<u>11,092,014</u>	<u>7,044,471</u>
<b>NON - CURRENT LIABILITIES</b>			
Provisions	14	76,171	137,195
<b>TOTAL NON - CURRENT LIABILITIES</b>		<u>76,171</u>	<u>137,195</u>
<b>TOTAL LIABILITIES</b>		<u>11,168,185</u>	<u>7,181,666</u>
<b>NET ASSETS</b>		<u>31,379,542</u>	<u>29,340,087</u>
<b>MEMBERS FUNDS</b>			
Reserves	15	3,908,366	4,623,120
Accumulated funds	15	27,471,176	24,716,967
		<u>31,379,542</u>	<u>29,340,087</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**STATEMENT OF CHANGES TO EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTES	Accumulated Funds \$	Unrealised Gains Reserve \$	Quality Care Pharmacy Program Reserve \$	National Fighting Fund Reserve \$	Total \$
<b>Balance at 1 July 2005</b>		22,846,612	-	2,357,633	1,112,085	26,316,330
Net surplus attributable to Guild		2,900,363	-	-	-	2,900,363
Net gains on available-for-sale financial assets		-	123,394	-	-	123,394
Transfers from accumulated funds to QCPP reserves		(690,815)	-	690,815	-	-
Transfers from accumulated funds to National Fighting Fund reserve		(339,193)	-	-	339,193	-
<b>Balance as at 30 June 2006</b>	15	<u>24,716,967</u>	<u>123,394</u>	<u>3,048,448</u>	<u>1,451,278</u>	<u>29,340,087</u>
Net surplus attributable to Guild		1,605,530	-	-	-	1,605,530
Net gains on available-for-sale financial assets		-	433,925	-	-	433,925
Transfers from accumulated funds to QCPP reserves		1,135,340	-	(1,135,340)	-	-
Transfers from accumulated funds to National Fighting Fund reserve		13,339	-	-	(13,339)	-
<b>Balance as at 30 June 2007</b>	15	<u><u>27,471,176</u></u>	<u><u>557,319</u></u>	<u><u>1,913,108</u></u>	<u><u>1,437,939</u></u>	<u><u>31,379,542</u></u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
CASHFLOW STATEMENT FOR YEAR ENDED 30 JUNE 2007**

	NOTES	2007 \$	2006 \$
<b>Cash flows from operating activities</b>			
Receipts from operations		14,099,266	14,282,639
Payments to suppliers and employees		(29,907,206)	(27,872,404)
Interest received		1,646,888	1,561,817
Dividend received		2,000,000	-
Grants received		16,050,856	8,657,549
Interest paid		-	(9,580)
GST (paid)/received		(676,808)	31,595
<b>Net cash flows generated from/(used in) operating activities</b>	7	<u>3,212,996</u>	<u>(3,348,384)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(283,996)	(497,900)
Proceeds from sale of property, plant and equipment		177,304	78,797
Funds held on trust		(510)	(42,993)
Loan to Australian College of Pharmacy Practice and Management		(177,000)	-
Proceeds from related company loan repayment		519,262	1,400,000
Purchase of units in managed funds		(504,302)	(2,000,000)
<b>Net cash flows generated from/(used in) investing activities</b>		<u>(269,242)</u>	<u>(1,062,096)</u>
<b>Cash flows from financing activities</b>			
Repayment of bank loan		-	(1,400,000)
<b>Net cash flows (used in) financing activities</b>		<u>-</u>	<u>(1,400,000)</u>
Net increase/(decrease) in cash held		2,943,754	(5,810,480)
Add opening cash brought forward		5,934,204	11,744,684
<b>Closing cash carried forward</b>	6	<u><u>8,877,958</u></u>	<u><u>5,934,204</u></u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

**NOTE 1 ORGANISATIONAL INFORMATION**

The financial report for The Pharmacy Guild of Australia for the year ended 30 June 2007 was authorised for issue in accordance with a resolution passed by the National Council on 19 October 2007.

The Pharmacy Guild of Australia is an organisation registered under the Workplace Relations Act 1996.

The nature of the operations and the principal activities of the Guild are described in the Operating Report.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Preparation**

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Australian Accounting Standards and disclosures required by the Registration and Accountability of Organisations (RAO) (Schedule 1B to the Workplace Relations Act 1996). The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

**b) Statement of compliance**

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2007:

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 7 <i>Financial Instruments: Disclosures</i> .	1 January 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Guild's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Guild's financial report.	1 July 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 <i>AASB 2 – Group and Treasury Share Transactions</i> .	1 March 2007	The Guild currently has no share based payments, so the standard is not expected to have any impact on the Guild's financial report.	1 July 2007
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Amending standard issued as a consequence of AASB Interpretation 12 <i>Service Concession Arrangements</i> .	1 January 2007	The Guild currently has no service concession arrangements or public-private-partnerships (PPP), so the standard is not expected to have any impact on the Guild's financial report.	1 July 2007
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 <i>Operating Segments</i> .	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Guild's financial statements. However, the standard is expected to have an impact on the Guild's segment disclosures as segment information included in internal management reports is more detailed than that currently reported under AASB 114 <i>Segment Reporting</i> .	1 July 2009

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**b) Statement of compliance (cont'd)**

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 2007-5	Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities [AASB 102]	This Standard makes amendments to AASB 102 <i>Inventories</i> .	1 July 2007	This amendment is not applicable to the Guild as the Guild does not have any inventories.	1 July 2007
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Amending standard issued as a consequence of revisions to AASB 123 <i>Borrowing Costs</i> .	1 January 2009	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Guild has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Guild's financial report.	1 July 2009
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	Amending standards for wording errors, discrepancies and inconsistencies.	1 July 2007	The amendments are minor and do not affect the recognition, measurement or disclosure requirements of the standards. Therefore the amendments are not expected to have any impact on the Guild's financial report.	1 July 2007
AASB 7	<i>Financial Instruments: Disclosures</i>	New standard replacing disclosure requirements of AASB 130 <i>Disclosures in the Financial Statements of Banks and Similar Financial Institutions</i> and AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> .	1 January 2007	Refer to AASB 2005-10 above.	1 July 2007
AASB 8	<i>Operating Segments</i>	New standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 above.	1 July 2009
AASB 123 (amended)	<i>Borrowing Costs</i>	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset must be capitalised.	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2007**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**b) Statement of compliance (cont'd)**

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB Interpretation 10	<i>Interim Financial Reporting and Impairment</i>	Addresses an inconsistency between AASB 134 <i>Interim Financial Reporting</i> and the impairment requirements relating to goodwill in AASB 136 <i>Impairment of Assets</i> and equity instruments classified as available for sale in AASB 139 <i>Financial Instruments: Recognition and Measurement</i> .	1 November 2006	The prohibitions on reversing impairment losses in AASB 136 and AASB 139, which are to take precedence over the more general statement in AASB 134, are not expected to have any impact on the Guild's financial report.	1 July 2007
AASB Interpretation 11	<i>Group and Treasury Share Transactions</i>	Addresses whether certain types of share-based payment transactions with employees (or other suppliers of goods and services) should be accounted for as equity-settled or as cash-settled transactions under AASB 2 <i>Share-based Payment</i> . It also specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent.	1 March 2007	Refer to AASB 2007-1 above.	1 July 2007
AASB Interpretation 12	<i>Service Concession Arrangements</i>	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2008	Refer to AASB 2007-2 above.	1 July 2008

\* designates the beginning of the applicable annual reporting period.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

**c) Revenue Recognition**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Guild and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Rendering of services*

Revenue from the rendering of services is recognised as and when the services are provided.

*Subscriptions*

Subscriptions are issued on a yearly basis at the beginning of the financial year. All subscriptions received during the year are brought to account on the basis of date of receipt.

*Interest*

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Dividends*

Revenue is recognised when control of the right to receive the dividend payment is established.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**d) Government Grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

**e) Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

**f) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

*Finance Leases*

Finance leases, which transfer to the Guild substantially all of the risks and benefits incidental to the ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in surplus or deficit.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Guild will obtain ownership by the end of the lease term.

*Operating Leases*

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

**g) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

**h) Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made where there is objective evidence that the Guild will not be able to collect the debts. Bad debts are written off when identified.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2007**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**i) Impairment of financial assets**

The Guild assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

*(i) Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in surplus or deficit.

The Guild first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in surplus or deficit, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*(ii) Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

*(iii) Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised as surplus or deficit, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in surplus. Reversals of impairment losses for debt instruments are reversed through surplus or deficit if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit.



**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**j) 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 net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement 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.

**k) Property, Plant and Equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:  
Plant and equipment - 3 to 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

*Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the income statement.

*Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the year the asset is derecognised.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**l) Investments and other financial assets**

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale investments. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through surplus or deficit, directly attributable transaction costs. The Guild determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates the designation at each financial year end.

All regular way purchases and sales of financial assets are recognised at trade date i.e. the date that the Guild commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

*(i) Financial assets at fair value through surplus or deficit*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through surplus or deficit'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a gain. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in surplus or deficit.

*(ii) Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Guild has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in surplus or deficit when the investments are derecognised or impaired, as well as through the amortisation process.

*(iii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in surplus or deficit when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

*(iv) Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in surplus or deficit.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value are determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models, making as much use of available supportable market data as possible and keeping judgemental inputs to a minimum.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**m) Impairment of assets**

The Guild assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Guild makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing its value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in surplus or deficit unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**n) Trade and other payables**

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Guild prior to the end of the financial year that are unpaid and arise when the Guild becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and are usually paid within 30 days of recognition.

**o) Provisions and employee leave benefits**

Provisions are recognised when the Guild has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Guild expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at present value of management's best estimate of the expenditure required to settle the present obligation at balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risk specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised in finance costs.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2007**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**o) Provisions and employee leave benefits (cont'd)**

*(i) Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

*(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**NOTE 3 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 2007**

	2007	2006
	\$	\$
<b>NOTE 4 REVENUE</b>		
<b>Revenues from continuing operations</b>		
Membership subscriptions ex branches	4,575,192	4,558,666
Grants received	12,964,933	13,086,288
Income from Quality Care Pharmacy Program (QCPP)		
Membership subscriptions	924,227	1,658,137
Sale of QCPP related items	61,750	22,995
Sponsorship income	240,909	37,200
DUSC income	89,484	172,080
	<u>18,856,495</u>	<u>19,535,366</u>
<b>Other income</b>		
Interest received		
Controlled entities	1,379,941	1,311,982
Other corporations	266,947	318,122
Commissions from controlled entity	1,488,998	1,421,076
Dividend income from controlled entity	4,000,000	2,000,000
Distribution income from managed funds	115,214	35,951
Referral fees from controlled entity	2,082,381	2,112,516
Rent received from branches and other related parties	67,944	39,681
Other income	431,825	345,112
	<u>9,833,250</u>	<u>7,584,440</u>
	<u>28,689,745</u>	<u>27,119,806</u>

**NOTE 5 EXPENSES**

**Expenses from continuing operations**

**Remuneration and employee benefits expense**

Remuneration to elected officials	839,304	880,230
Remuneration to employees	5,165,783	4,461,799
Superannuation to elected officials	69,942	76,209
Superannuation to employees	664,778	564,378
Provision for annual leave	65,514	44,006
Provision for long service leave	171,071	78,310
Other on-costs (payroll tax and workers compensation expenses)	509,661	472,645
<b>Total remuneration and employee benefits expense</b>	<u>7,486,053</u>	<u>6,577,577</u>

Remuneration and employee benefits expense of \$2,017,025 (2006: \$2,096,063) was recovered from grants received during the year.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
<b>NOTE 5 EXPENSES (cont'd)</b>		
<b>Other expenses</b>		
Affiliation fees	76,907	68,995
Donations	171,241	205,900
Remuneration to auditors		
Audit fees	40,000	36,000
Other services	62,680	71,489
E-QCPP expenses	413,264	-
Legal expenses	780,976	341,846
Loss on disposal of fixed assets	24,079	60,971
Consultants expenses	1,516,943	1,076,301
DUSC expenses	42,000	84,000
Meeting expenses and allowances		
National Council	386,454	761,360
Chairman and committee expenses	205,226	243,488
Other meeting expenses	2,000	3,002
Provision for impairment losses	-	80,000
Grants and subsidies to branches	365,729	127,688
Commissions to branches	381,440	364,149
Administrative expenses	276,848	204,823
Rent paid	668,297	650,565
Interest paid	-	9,580
Grants expenses	10,947,908	11,176,060
Expenses from Quality Care Pharmacy Program (QCPP)		
Standards materials expenses	3,785	10,053
Travel expenses (local and overseas)	627,719	391,556
Special projects	632,504	237,352
Other expenses	1,716,320	1,167,552
<b>Total other expenses</b>	<b>19,342,320</b>	<b>17,372,730</b>

**NOTE 6 CASH AND CASH EQUIVALENTS**

<b>Guild cash</b>		
Cash at bank and in hand	1,486,074	1,339,166
Short-term deposits	7,371,453	4,484,272
	<u>8,857,527</u>	<u>5,823,438</u>
<b>Cash held in Trust</b>		
Cash at bank held in Trust	20,431	110,766
	<u>20,431</u>	<u>110,766</u>
<b>Total cash</b>	<b>8,877,958</b>	<b>5,934,204</b>
<b>Reconciliation to cash flow statement</b>		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	1,506,505	1,449,932
Short-term deposits	7,371,453	4,484,272
	<u>8,877,958</u>	<u>5,934,204</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are deposits which earn interest at the respective short-term deposit rates.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$

**NOTE 7 CASH FLOW RECONCILIATION**

**Reconciliation of operating surplus to net cash flow from operations:**

Operating surplus	1,605,530	2,900,363
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	255,842	269,136
Loss on disposal of non current assets	24,079	60,971
Provision for impairment losses	-	80,000
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(2,604,282)	135,256
Decrease in prepayments	1,708	23,078
Increase/(decrease) in trade and other payables	848,713	(2,225,310)
Increase/(decrease) in employee benefits	109,096	(95,500)
(Decrease) in income in advance	-	(200,000)
Decrease in net GST receivable	65,722	132,364
Increase/(decrease) in net government grants in advance/receivable	2,906,588	(4,428,742)
Net cash flows (used in)/generated from operating activities	<u>3,212,996</u>	<u>(3,348,384)</u>

**NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)**

Trade and other receivables	1,046,895	530,484
<i>Amounts receivable from related entities:</i>		
Branch debtors	114,182	73,311
<i>Amounts receivable from controlled entities:</i>		
Gold Cross Products and Services Pty Ltd	213,548	189,556
Guild Insurance Limited	760,079	734,625
Guild Insurance and Financial Services Holdings Limited	4,002,901	2,001,244
Healthlinks.net Pty Ltd	1,657	5,760
Unsecured loan to Healthlinks.net Pty Ltd	300,198	-
Net GST receivable	69,999	135,721
Government grants receivable	241,650	119,018
Carrying amount of trade and other receivables	<u>6,751,109</u>	<u>3,789,719</u>
Trade and other receivables includes the following amounts owing by a jointly controlled entity		
Jointly controlled entity	426	1,231

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. The amount of allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

**NOTE 9 OTHER CURRENT ASSETS (CURRENT)**

Prepayments	<u>61,364</u>	<u>63,072</u>
	<u>61,364</u>	<u>63,072</u>

**NOTE 10 AVAILABLE-FOR-SALE FINANCIAL ASSETS (NON-CURRENT)**

**At Fair Value**

Investment in Guild Australian Equities Fund	<u>3,061,621</u>	<u>2,123,393</u>
	<u>3,061,621</u>	<u>2,123,393</u>

Available-for-sale investments consist of investments in managed funds and therefore have no fixed maturity date or coupon rate.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
<b>NOTE 11 OTHER FINANCIAL ASSETS (NON-CURRENT)</b>		
<b>At Cost</b>		
Investments in controlled entities:		
Shares in controlled entities - unlisted		
Pharmacy Guild Home Infusion Association Pty Limited		
2 ordinary shares (2007:100%, 2006: 100%)	2	2
GuildNET Pty Limited		
18 ordinary shares (2007:100%, 2006: 100%)	18	18
Guild Insurance & Financial Services Holdings Limited		
3,585,434 ordinary shares (2007:100%, 2006: 100%)	3,585,434	3,585,434
20,000 Redeemable cumulative non participating preference shares	2,000,000	2,000,000
Gold Cross Products and Services Pty Ltd		
402 ordinary shares (2007:100%, 2006: 100%)	804	804
National Pharmacy Television Pty Limited		
1 ordinary share (2007:100%, 2006: 100%)	1	1
Pharmacy Electronic Network Telecommunications And Logistics Pty Ltd		
1 ordinary share (2007:100%, 2006: 100%)	1	1
Healthlinks.net Pty Ltd		
1 ordinary share (2007:100%, 2006: 100%)	1	1
	<u>5,586,261</u>	<u>5,586,261</u>
Investment in jointly controlled entity:		
Shares in jointly controlled entity - unlisted		
Australian Association of Consultant Pharmacy Pty Limited		
2 ordinary shares at cost (2007:50%, 2006: 50%)	2	2
	<u>5,586,263</u>	<u>5,586,263</u>
<b>Total investments</b>		
Unsecured loans to jointly controlled entity		
Australian Association of Consultant Pharmacy Pty Limited	80,000	80,000
Provision for impairment losses	(80,000)	(80,000)
	-	-
Unsecured loans to controlled entities		
Guild Insurance & Financial Services Holdings Limited	16,883,860	16,883,860
Gold Cross Products and Services Pty Ltd	411,580	411,580
Healthlinks.net Pty Ltd	-	819,460
	<u>17,295,440</u>	<u>18,114,900</u>
Unsecured loan to Australian College of Pharmacy Practice and Management Pty Ltd	177,000	-
	<u>17,472,440</u>	<u>18,114,900</u>
<b>Total loans</b>		
	<u>23,058,703</u>	<u>23,701,163</u>

Investments at Cost consist of investments in ordinary and preference shares, and therefore have no fixed maturity date or coupon rate.

The National Secretariat has provided for impairment losses amounting to \$80,000 in 2006 in relation to the unsecured loan to the Australian Association of Consultant Pharmacy Pty Limited.



**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

	2007 \$	2006 \$
<b>NOTE 12 PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Reconciliation of carrying amounts at the beginning and end of period</b>		
<b>Office equipment - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	487,739	377,330
Additions	83,694	315,292
Disposals	(1,427)	(37,274)
Depreciation	(196,515)	(167,609)
As at 30 June, net of accumulated depreciation and impairment	<u>373,491</u>	<u>487,739</u>
Cost	1,139,127	1,068,248
Accumulated depreciation and impairment	(765,636)	(580,509)
Net carrying amount	<u>373,491</u>	<u>487,739</u>
<b>Motor vehicles - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	320,678	345,449
Additions	184,302	179,249
Disposals	(199,957)	(102,493)
Depreciation	(59,327)	(101,527)
As at 30 June, net of accumulated depreciation and impairment	<u>245,696</u>	<u>320,678</u>
Cost	319,668	524,691
Accumulated depreciation and impairment	(73,972)	(204,013)
Net carrying amount	<u>245,696</u>	<u>320,678</u>
<b>Artwork - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	85,159	81,800
Additions	15,000	3,359
As at 30 June, net of accumulated depreciation and impairment	<u>100,159</u>	<u>85,159</u>
Net carrying amount at beginning and end	<u>100,159</u>	<u>85,159</u>
<b>Antiques - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	16,626	16,626
Additions	1,000	-
As at 30 June, net of accumulated depreciation and impairment	<u>17,626</u>	<u>16,626</u>
Net carrying amount at beginning and end	<u>17,626</u>	<u>16,626</u>
<b>Total Property, Plant and Equipment - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	910,202	821,205
Additions	283,996	497,900
Disposals	(201,384)	(139,767)
Depreciation	(255,842)	(269,136)
As at 30 June, net of accumulated depreciation and impairment	<u>736,972</u>	<u>910,202</u>
Cost	1,576,580	1,694,724
Accumulated depreciation and impairment	(839,608)	(784,522)
Net carrying amount	<u>736,972</u>	<u>910,202</u>

**Depreciation**

The useful life of plant and equipment was estimated at between 3 to 10 years for both 2006 and 2007.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
<b>NOTE 13 TRADE AND OTHER PAYABLES (CURRENT)</b>		
Trade and other payables	1,059,445	767,175
Accrued expenses	1,287,453	996,235
Annual Leave	470,788	524,054
Amounts payable to related entities		
Branch creditors	948,987	612,848
Gold Cross Products and Services Pty Ltd	54	-
Guild Insurance Limited	844	31,303
Guild Legal Limited	37,215	4,658
Healthlinks.net Pty Ltd	-	19,800
Amounts held on trust		
MPA	6,668	7,178
Government grants in advance	6,684,058	3,654,838
	<u>10,495,512</u>	<u>6,618,089</u>
Payables include the following:		
Amounts due to jointly controlled entity	1,438	11,590
Legal fees payable	80,297	177,462
	<u>81,735</u>	<u>189,052</u>

Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

**NOTE 14 PROVISIONS**

Long Service Leave		
At 1 July	563,577	659,077
Arising during the year	171,070	78,310
Transferred from other related entities	-	16,996
Utilised	(61,974)	(190,806)
At 30 June	<u>672,673</u>	<u>563,577</u>
Current	596,502	426,382
Non Current	76,171	137,195
	<u>672,673</u>	<u>563,577</u>
Provisions (Current) include the following		
Employee entitlements in respect of holders of offices	655	40

**Nature and timing of provisions**

*Long Service Leave*

Refer to note 2(o) for the relevant accounting policy and a discussion of significant estimations and assumptions applied in the measurement of this provision.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

	2007 \$	2006 \$
<b>NOTE 15 RESERVES</b>		
<b>(a) Quality Care Pharmacy Program reserve</b>		
Balance at the beginning of year	3,048,448	2,357,633
Transfer (to)/from accumulated funds	(1,135,340)	690,815
Balance at the end of year	<u>1,913,108</u>	<u>3,048,448</u>
<b>(b) National Fighting Fund reserve</b>		
Balance at the beginning of year	1,451,278	1,112,085
Transfer (to)/from accumulated funds	(13,339)	339,193
Balance at the end of year	<u>1,437,939</u>	<u>1,451,278</u>
<b>(c) Net unrealised gains reserve</b>		
Balance at the beginning of year	123,394	-
Net gains on available-for-sale financial assets	433,925	123,394
Balance at the end of year	<u>557,319</u>	<u>123,394</u>
<b>Total Reserves</b>	<u>3,908,366</u>	<u>4,623,120</u>

**(a) 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.

**(b) 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 2007 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.

**(c) Net unrealised gains reserve**

This reserve records movements in the fair value of available-for-sale financial assets.

**(d) Accumulated Funds**

Balance at the beginning of the year	24,716,967	22,846,612
Net surplus attributable to Guild	1,605,530	2,900,363
Transfer from/(to) Quality Care Pharmacy Program reserve	1,135,340	(690,815)
Transfer from/(to) Fighting Fund reserve	13,339	(339,193)
Balance at the end of the year	<u>27,471,176</u>	<u>24,716,967</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$

**NOTE 16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Guild's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Guild's operations. The Guild has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Guild's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Guild's financial instruments is credit risk. The management reviews and agrees policies for managing this risk and is summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

*Credit risk*

The Guild trades only with recognised, creditworthy third parties.

It is the Guild's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Guild's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Guild and its related entities.

With respect to credit risk arising from the other financial assets of the Guild, which comprise cash and cash equivalents and available-for-sale financial assets, the Guild's exposure to credit risk arises from the default of the counter party, with maximum exposure equal to the carrying amount of these instruments.

Since the Guild trades only with recognised third parties, there is no requirement for collateral.

**NOTE 17 OPERATING LEASE COMMITMENTS**

Assets that are the subject of operating leases include property. The operating lease for property has a lease term of 10 years and is for the Guild premises at Barton.

There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

Operating leases (non-cancellable)		
Not later than one year	736,190	723,959
Later than one year and not later than five years	1,104,285	1,797,711
	1,840,475	2,521,670

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
<b>NOTE 18 RELATED PARTY DISCLOSURES</b>		
The following related party transactions occurred during the financial year:		
Transactions with related parties:		
i. During the last financial year, Healthlinks.net Pty Ltd repaid \$519,262 of its loan to the National Secretariat. The balance of the loan as at 30 June 2007 was \$300,198 (2006: \$819,460).		
ii. Subscriptions income was received from the following Branches:		
New South Wales	1,593,909	1,553,186
Victoria	986,910	1,016,589
Queensland	921,944	920,335
South Australia	371,266	374,692
Western Australia	471,726	475,653
Tasmania	141,642	135,498
Australian Capital Territory	64,286	63,385
Northern Territory	23,509	19,328
	4,575,192	4,558,666
iii. Branch debtors as at 30 June 2007 comprised:		
New South Wales	37,115	5,026
Victoria	10,772	19,223
Queensland	1,428	354
South Australia	43,863	-
Western Australia	12,436	29,403
Tasmania	3,259	13,360
Australian Capital Territory	3,386	2,399
Northern Territory	1,923	3,546
	114,182	73,311
iv. Branch creditors as at 30 June 2007 comprised:		
New South Wales	149,834	214,858
Victoria	137,757	110,138
Queensland	279,386	131,818
South Australia	74,631	46,630
Western Australia	80,376	66,524
Tasmania	6,995	10,421
Australian Capital Territory	24,071	22,493
Northern Territory	195,937	9,966
	948,987	612,848
v. The National Secretariat has given a subsidy to the following Branches to part fund their operations		
Tasmania	86,309	27,688
Australian Capital Territory	103,471	86,061
Northern Territory	175,949	100,000
	365,729	213,749
vi. Rent charged to Branches and other related parties during the year.	67,944	39,681
vii. During the year the National Secretariat received interest income from Guild Insurance & Financial Services Holdings Limited.	1,298,904	1,217,751

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

	2007 \$	2006 \$
viii. During the year the National Secretariat received referral fee income from Guild Insurance Limited.	<u>2,082,381</u>	<u>2,122,516</u>
ix. During the year the National Secretariat received Guild digest income from the Branches	<u>91,134</u>	<u>96,212</u>
x. During the year the National Secretariat received commission income from Gold Cross Products and Services Pty Ltd.	<u>1,488,998</u>	<u>1,421,076</u>
xi. During the year the National Secretariat paid commissions to the Branches on Gold Cross Products and Services Pty Ltd income.	<u>381,440</u>	<u>364,149</u>
xii. During the year the National Secretariat received dividend income from Guild Insurance & Financial Services Holdings Limited.	<u>4,000,000</u>	<u>2,000,000</u>
xiii. During the year the National Secretariat received income from Gold Cross Products and Services Pty Ltd for their publications	<u>37,109</u>	<u>22,600</u>
xiv. During the year the National Secretariat received income from Guild Insurance Limited for advertising in their publications	<u>15,000</u>	<u>15,000</u>
xv. During the year the National Secretariat received management fees from Healthlinks.net Pty Ltd	<u>43,136</u>	<u>51,196</u>
xvi. During the year the National Secretariat received interest income from Healthlinks.net Pty Ltd	<u>55,093</u>	<u>68,287</u>
xvii. During the year the National Secretariat paid DUSC expenses to Healthlinks.net Pty Ltd	<u>42,000</u>	<u>84,000</u>
xviii. During the year the National Secretariat received interest income from Gold Cross Products and Services Pty Ltd	<u>25,944</u>	<u>25,944</u>
xix. During the year the National Secretariat received distribution income from Guild Capital Equities Fund	<u>115,214</u>	<u>35,951</u>
xx. During the year the National Secretariat received certificate fees from the Branches	<u>6,985</u>	<u>-</u>
xxi. During the year the National Secretariat received sponsorship income from Healthlinks.net Pty Ltd	<u>181,818</u>	<u>-</u>
xxii. During the year the National Secretariat paid rent to National Pharmacy Building Pty Ltd, a subsidiary of Guild Insurance & Financial Services Holdings Limited	<u>668,297</u>	<u>650,565</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2007**

**NOTE 19 KEY MANAGEMENT PERSONNEL**

**(a) Details of Key Management Personnel**

*(i) National Council*

S.B. BANKS  
P. DIBBEN (on leave of absence from 11 May 2006 to 9 November 2006)  
J.H. DORNAN  
J.C. DOWLING  
R.J.C. FOSTER  
J. LIAUW  
T.J. LOGAN  
I.K. MARSHALL (resigned 2 April 2007)  
N. META (appointed 2 April 2007)  
Z.L. MULLEN  
K. PEACHEY  
P.W. REID  
D. SANGHVI  
B. SCHULTZ  
K.S. SCLAVOS  
T. RILEY  
I.P. TODD  
H.D. ZAFER  
B.O'LOUGHLIN (acting as alternate National Councillor from 11 May 2006 to 9 November 2006)

Compensation of National Councillors and key management personnel

Short-term	1,387,835	1,644,816
Post employment	518,243	121,653
	<u>1,906,078</u>	<u>1,766,469</u>

**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.

**NOTE 23 AUDITOR REMUNERATION**

Remuneration to auditors		
Audit fees	40,000	36,000
Other services	62,680	71,489
	<u>102,680</u>	<u>107,489</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2007**

**NOTE 24 FINANCIAL INSTRUMENTS**

**Fair values**

Financial assets and financial liabilities, both recognised and unrecognised, at balance date, are carried at their fair value. The carrying amounts of the Guild's financial assets and financial liabilities are the same as their fair value.

**Interest Rate Risk**

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	Weighted Average Effective Interest Rate		Floating Interest Rate Maturing				Fixed Interest Rate Maturing	
	2007	2006	Within 1 Year		Greater than 1 year		Greater than 1 year	
	%	%	2007	2006	2007	2006	2007	2006
			\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>								
Cash	6.10	5.49	1,506,505	1,449,932	-	-	-	-
Short Term Deposits	6.24	5.63	7,371,453	4,484,272	-	-	-	-
Amounts receivable from controlled entities								
Gold Cross Products & Services	6.30	6.30	-	-	-	-	411,580	411,580
GIFSH Limited *	7.74	7.12	-	-	16,833,551	16,833,551	-	-
Healthlinks.net Pty Ltd	8.33	8.33	300,198	-	-	819,460	-	-
Amounts receivable from other entity								
ACPP and M **	6.70	-	-	-	177,000	-	-	-
<b>Total Financial Assets</b>			<b>9,178,156</b>	<b>5,934,204</b>	<b>17,010,551</b>	<b>17,653,011</b>	<b>411,580</b>	<b>411,580</b>

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The other financial instruments of the Guild that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

**Notes:**

\* Guild Insurance and Financial Services Holdings Limited

\*\* Australian College of Pharmacy Practice and Management Pty Ltd