



FAIR WORK
AUSTRALIA

8 January 2010

Mr. Mark Hill
National Accountant
The Pharmacy Guild of Australia
Level 215 National Circuit
BARTON ACT 2600

By email: mark.hill@guild.org.au

Dear Mr. Hill,

Re: Financial Report for The Pharmacy Guild of Australia for year ended 30 June 2008 - FR2008/352

I acknowledge receipt of the financial report for The Pharmacy Guild of Australia for the year ended 30 June 2008. The report was lodged with the Registry on 17 June 2009.

The financial report has been filed.

I apologise for the delay in completing the examination of the financial report. I further apologise for any inconvenience that may have been occasioned by the delay, particularly if any difficulty arose in relation to preparation of the report for the 2008-2009 financial year. Due to an administrative error it was believed that the report had been examined and a response forwarded to your organisation, when this was not in fact the case. Our procedures have been reviewed in order to prevent a recurrence of an incident of this nature.

If you wish to discuss the matter I can be contacted on (03) 8661 7811.

Yours sincerely,

Mark Elliott

Tribunal Services and Organisations
Fair Work Australia
Tel: 03 8661 7811
Fax: 03 9655 0410
mark.elliott@fwa.gov.au



**The Pharmacy
Guild of Australia**

CERTIFICATE OF VERIFICATION

IN ACCORDANCE WITH SECTION 268 OF THE WRA SCHEDULE 1 – 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 2008 and that the Report was supplied to members on 25 May 2009 via the Pharmacy Guild of Australia website.
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 2008 was adopted by National Council of the Pharmacy Guild of Australia by a resolution carried by a meeting of the National Council held on 16 June 2009.

DATED THIS SEVENTEENTH DAY OF JUNE 2009

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

National Secretariat

Level 2, 15 National Circuit, Barton, ACT 2600 Australia
PO Box 7036, Canberra Business Centre, ACT 2610 Australia
Telephone: + 61 2 6270 1888 · Facsimile: + 61 2 6270 1800
Email: guild.nat@guild.org.au · Internet: www.guild.org.au



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

We have audited the accompanying financial report of the Pharmacy Guild of Australia – National Secretariat (the Guild), which comprises the balance sheet as at 30 June 2008, 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.

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.

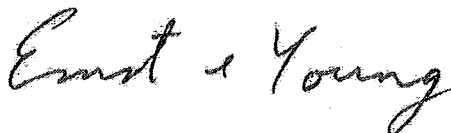
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the financial report presents fairly, in all material respects, the financial position of the Pharmacy Guild of Australia – National Secretariat as of 30 June 2008, 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)



Ernst & Young



G J Knuckey

Partner

Registered Company Auditor

Fellow of the Institute of Chartered Accountants in Australia

Canberra

22 May 2009

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 2008 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 2008 to which this report relates the number of members of the organisation was 4,022 including Honorary Life Members.
 - (ii) As at 30 June 2008 the total number of employees employed by the reporting entity was 74.
 - (iii) During the reporting period the following persons were members of National Council:
 - S.B. BANKS
 - P. DIBBEN (resigned 16 April 2008)
 - J.H. DORNAN (resigned 11 November 2008)
 - J.C. DOWLING (resigned 31 July 2008)
 - R.J.C. FOSTER
 - J. LIAUW
 - T.J. LOGAN
 - N. META
 - Z.L. MULLEN
 - B. O'LOUGHLIN (appointed 16 April 2008; resigned 11 November 2008)
 - K. PEACHEY (resigned 11 November 2008)
 - P.W. REID (resigned 15 October 2008)
 - D. SANGHVI
 - B. SCHULTZ (resigned 11 November 2008)
 - K.S. SCLAVOS
 - T. RILEY
 - I.P. TODD
 - H.D. ZAFER

(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.



HAROLD DENIS ZAFER

22 May 2009

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 21 May 2009 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 2008 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2008;
- (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.



KOSMAS STAN SCLAVOS



HAROLD DENIS ZAFER

22 May 2009

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTES	2008 \$	2007 \$
REVENUES			
Revenue from rendering of services	4	8,530,563	5,650,653
Other revenue	4	5,792,306	9,401,425
Other income	4	16,008,440	13,637,667
		<u>30,331,309</u>	<u>28,689,745</u>
Remuneration and employee benefits expense	5	(7,612,706)	(7,099,599)
Depreciation	12	(253,728)	(255,842)
Other expenses	5	(24,988,919)	(19,728,774)
		<u>(2,524,044)</u>	<u>1,605,530</u>
NET (DEFICIT) / SURPLUS		<u>(2,524,044)</u>	<u>1,605,530</u>
NET (DEFICIT) / SURPLUS ATTRIBUTABLE TO MEMBERS OF THE PHARMACY GUILD OF AUSTRALIA		<u>(2,524,044)</u>	<u>1,605,530</u>

The Net (Deficit) / Surplus consists of:

(Deficit) / surplus from all Divisions excluding Quality Care Pharmacy Program and National Fighting Fund	(2,984,921)	2,754,209
Surplus / (deficit) from Quality Care Pharmacy Program	718,619	(1,135,340)
(Deficit) from the National Fighting Fund	(257,742)	(13,339)
	<u>(2,524,044)</u>	<u>1,605,530</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
BALANCE SHEET
AS AT 30 JUNE 2008**

	NOTES	2008 \$	2007 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	13,034,850	8,877,958
Trade and other receivables	8	4,765,040	6,751,109
Other current assets	9	81,674	61,364
TOTAL CURRENT ASSETS		<u>17,881,564</u>	<u>15,690,431</u>
NON - CURRENT ASSETS			
Available-for-sale financial assets	10	2,487,223	3,061,621
Other financial assets	11	5,586,263	5,586,263
Receivables	11	17,295,440	17,472,440
Property, plant and equipment	12	907,779	736,972
TOTAL NON - CURRENT ASSETS		<u>26,276,705</u>	<u>26,857,296</u>
TOTAL ASSETS		<u>44,158,269</u>	<u>42,547,727</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	4,381,779	3,811,454
Government grants in advance		10,916,579	6,684,058
Provisions	14	621,714	596,502
TOTAL CURRENT LIABILITIES		<u>15,920,072</u>	<u>11,092,014</u>
NON - CURRENT LIABILITIES			
Provisions	14	73,520	76,171
TOTAL NON - CURRENT LIABILITIES		<u>73,520</u>	<u>76,171</u>
TOTAL LIABILITIES		<u>15,993,592</u>	<u>11,168,185</u>
NET ASSETS		<u>28,164,677</u>	<u>31,379,542</u>
MEMBERS FUNDS			
Reserves	15	3,678,422	3,908,366
Accumulated funds	15	24,486,255	27,471,176
		<u>28,164,677</u>	<u>31,379,542</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

NOTES	Accumulated Funds \$	Unrealised Gains Reserve \$	Quality Care Pharmacy Program Reserve \$	National Fighting Fund Reserve \$	Total \$
Balance as at 1 July 2006	24,716,967	123,394	3,048,448	1,451,278	29,340,087
Net surplus attributable to Guild	1,605,530	-	-	-	1,605,530
Net gains on available-for-sale financial assets	-	433,925	-	-	433,925
Net income recognised directly in equity	-	433,925	-	-	433,925
Total recognised income and expense for the period	1,605,530	433,925	-	-	2,039,455
Transfers from QCPP reserves to accumulated funds	1,135,340	-	(1,135,340)	-	-
Transfers from National Fighting Fund reserve to accumulated funds	13,339	-	-	(13,339)	-
Balance as at 30 June 2007	<u>27,471,176</u>	<u>557,319</u>	<u>1,913,108</u>	<u>1,437,939</u>	<u>31,379,542</u>
Net deficit attributable to Guild	(2,524,044)	-	-	-	(2,524,044)
Net losses on available-for-sale financial assets	-	(690,821)	-	-	(690,821)
Net loss recognised directly in equity	-	(690,821)	-	-	(690,821)
Total recognised income and expense for the period	(2,524,044)	(690,821)	-	-	(3,214,865)
Transfers from accumulated funds to QCPP reserves	(718,619)	-	718,619	-	-
Transfers from National Fighting Fund reserve to accumulated funds	257,742	-	-	(257,742)	-
Balance as at 30 June 2008	<u>24,486,255</u>	<u>(133,502)</u>	<u>2,631,727</u>	<u>1,180,197</u>	<u>28,164,677</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
CASHFLOW STATEMENT FOR YEAR ENDED 30 JUNE 2008

	NOTES	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from operations		15,716,165	14,099,266
Interest received		1,614,060	1,646,888
Dividends received		4,481,250	2,000,000
Grants received		18,363,842	16,050,856
Insurance recovery relating to flood		91,754	-
Payments to suppliers and employees		<u>(35,759,879)</u>	<u>(30,584,014)</u>
Net cash flows generated from operating activities	7	<u>4,507,192</u>	<u>3,212,996</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(458,523)	(283,996)
Proceeds from sale of property, plant and equipment		24,484	177,304
Funds held on trust		(36)	(510)
Loan to Australian College of Pharmacy Practice and Management Pty Ltd		-	(177,000)
Loan to South Australia branch		(100,000)	-
Proceeds from related company loan repayment		300,198	519,262
Purchase of units in managed funds		<u>(116,423)</u>	<u>(504,302)</u>
Net cash flows generated used in investing activities		<u>(350,300)</u>	<u>(269,242)</u>
Net increase in cash held		4,156,892	2,943,754
Add opening cash brought forward		8,877,958	5,934,204
Closing cash carried forward	6	<u>13,034,850</u>	<u>8,877,958</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008**

NOTE 1 ORGANISATIONAL INFORMATION

The financial report of The Pharmacy Guild of Australia for the year ended 30 June 2008 was authorised for issue in accordance with a resolution passed by the National Council on 21 May 2009.

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, other authoritative pronouncements of the Australian Accounting Standards Board and disclosures required by the Registration and Accountability of Organisations (RAO) (Schedule 1 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

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board with the exception of those noted above.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2008. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Guild's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Guild has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
Amendments to International Financial Reporting Standards	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part I deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

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

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
Amendments to International Financial Reporting Standards	Amendments to AIFRS 7	<p>The amended IFRS 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy:</p> <ul style="list-style-type: none"> - Quoted prices in active markets for identical assets or liabilities (Level 1) - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2) - Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3) 	1 January 2009	These amendments are only expected to affect the presentation of the Guild's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report.	1 July 2009

* designates the beginning of the applicable annual reporting period.

The Guild has adopted AASB 7 *Financial Instruments: Disclosures* and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no effect on surplus / loss or the financial position of the entity.

c) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent 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 the Guild's right to receive the dividend payment is established.

d) Government Grants

Government grants are recognised in the balance sheet as a liability when the grant is received.

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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008**

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

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 ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset 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 the operating 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 initially at fair value and subsequently measured at amortised cost using the effective interest method less an allowance for impairment.

Collectibility of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Guild will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flows, discounted at the original effective interest rate.

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 THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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.

j) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance are recognised in the surplus or deficit as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Plant and equipment - 3 to 10 years

Motor vehicles - 5 years

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

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 operating surplus or deficit in the year the asset is derecognised.

k) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through surplus or deficit, directly attributable transaction costs.

Recognition and Derecognition

All regular way purchases and sales of financial assets are recognised on the 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. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. 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 financial assets held for trading are recognised in operating surplus or deficit and the related assets are classified as current assets in the balance sheet.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

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

(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 operating 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 the operating surplus or deficit when the loans and receivables are derecognised or impaired, as well as through the amortisation process. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets, principally equity securities, 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 the operating surplus or deficit.

The fair values 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 values 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.

l) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Guild conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use for Guild assets is taken to be its depreciated replacement cost (where the Guild would replace the asset if it was deprived of it) as future economic benefit is not primarily dependent on the asset's ability to generate future cash flows.

m) Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short term nature they are not discounted. 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.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

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

n) Provisions and employee 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 using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(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. Expenses 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. 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.

o) 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 the operating 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 the operating surplus or deficit, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

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

(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 in operating 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 operating surplus or deficit.

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 1 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 THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
NOTE 4 REVENUE		
Revenue from rendering of services		
Membership subscriptions ex branches	3,753,477	4,575,192
Income from Quality Care Pharmacy Program (QCPP)		
Membership subscriptions	4,457,207	924,227
Sale of QCPP related items	78,125	61,750
DUSC income	241,754	89,484
	<u>8,530,563</u>	<u>5,650,653</u>
Other Revenue		
Interest received		
Controlled entities	1,415,758	1,379,941
Other corporations	263,786	266,947
Commissions from controlled entity	1,361,517	1,488,998
Dividend income from controlled entities	481,250	4,000,000
Distribution income from managed funds	80,511	115,214
Referral fees from controlled entity	2,136,384	2,082,381
Rent received from branches and other related parties	53,100	67,944
	<u>5,792,306</u>	<u>9,401,425</u>
Other income		
Grants received	14,959,255	12,964,933
Sponsorship income	238,190	240,909
Insurance recovery relating to flood	71,527	-
Other income	739,468	431,825
	<u>16,008,440</u>	<u>13,637,667</u>
	<u>30,331,309</u>	<u>28,689,745</u>

NOTE 5 EXPENSES

Remuneration and employee benefits expense		
Remuneration to elected officials	511,752	479,750
Remuneration to employees	5,572,854	5,138,883
Superannuation to elected officials	46,058	43,266
Superannuation to employees	691,590	691,454
Provision for annual leave	183,533	65,514
Provision for long service leave	113,258	171,071
Other on-costs (payroll tax and workers compensation expenses)	493,661	509,661
Total remuneration and employee benefits expense	<u>7,612,706</u>	<u>7,099,599</u>

Remuneration and employee benefits expense of \$2,503,659 (2007: \$2,017,025) was recovered from grants received during the year.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
NOTE 5 EXPENSES (cont'd)		
Other expenses		
Affiliation fees	75,049	76,907
Donations	163,869	171,241
Remuneration to auditors		
Audit fees	45,000	40,000
Other services	61,850	62,680
E-QCPP expenses	550,250	413,264
Legal expenses	502,386	780,976
Loss on disposal of fixed assets	9,504	24,079
Consultants expenses	1,368,894	1,516,943
DUSC expenses	142,625	42,000
Meeting expenses and allowances		
National Council	446,498	386,454
Chairman and committee expenses	199,125	205,226
Other meeting expenses	4,478	2,000
Provision for impairment losses	177,545	-
Grants and subsidies to branches	592,358	365,729
Commissions to branches	351,850	381,440
Administrative expenses	347,711	378,733
Rent paid	707,283	668,297
Grants expenses	12,455,596	10,947,908
Expenses from Quality Care Pharmacy Program (QCPP)		
Standards materials expenses	15,584	3,785
Branch QCPP Management	1,268,091	267,624
Travel expenses (local and overseas)	465,753	627,719
Special projects	388,057	632,504
Branding Campaign	2,045,633	-
Expenses relating to flood	34,248	-
Other expenses	2,569,682	1,733,265
Total other expenses	24,988,919	19,728,774

NOTE 6 CASH AND CASH EQUIVALENTS

Guild cash		
Cash at bank and in hand	2,224,770	1,486,074
Short-term deposits	10,765,178	7,371,453
	<u>12,989,948</u>	<u>8,857,527</u>
Cash held in Trust		
Cash at bank held in Trust	44,902	20,431
	<u>44,902</u>	<u>20,431</u>
Total cash	13,034,850	8,877,958
Reconciliation to Cash Flow Statement		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	2,269,672	1,506,505
Short-term deposits	10,765,178	7,371,453
	<u>13,034,850</u>	<u>8,877,958</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 THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$

NOTE 7 CASH FLOW RECONCILIATION

Reconciliation of operating (deficit) / surplus to net cash flows from operations:

Operating (deficit) / deficit	(2,524,044)	1,605,530
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	253,728	255,842
Net loss on disposal of non current assets	9,504	24,079
Provision for impairment losses	177,545	-
<i>Changes in assets and liabilities</i>		
Decrease/(increase) in trade and other receivables	2,531,479	(2,604,282)
(Increase)/decrease in prepayments	(20,310)	1,708
Increase in trade and other payables	550,134	848,713
Increase in employee benefits	22,561	109,096
Increase in income in advance	20,227	-
(Increase)/decrease in net GST receivable	(346,704)	65,722
Increase in net government grants in advance/receivable	3,833,072	2,906,588
Net cash flows from operating activities	4,507,192	3,212,996

NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)

Trade and other receivables	1,642,403	1,047,395
Allowance for impairment loss	(1,045)	(500)
	1,641,358	1,046,895
<i>Amounts receivable from related entities:</i>		
Branch debtors	320,784	114,182
Unsecured loan to South Australia branch	100,000	-
<i>Amounts receivable from controlled entities:</i>		
Gold Cross Products and Services Pty Ltd	763,413	213,548
Guild Insurance Limited	877,703	760,079
Guild Group Holdings Limited	1,995	4,002,901
Guild Legal Limited	70	-
Healthlinks.net Pty Ltd	1,915	1,657
Unsecured loan to Healthlinks.net Pty Ltd	-	300,198
Net GST receivable	416,703	69,999
Government grants receivable	641,099	241,650
Carrying amount of trade and other receivables	4,765,040	6,751,109
Trade and other receivables includes the following amounts owing by a jointly controlled entity		
Australian Association of Consultant Pharmacy Pty Limited	1,148	426

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of \$545 (\$2007: \$nil) has been recognised by the Guild in the current year.

Movement in the provision for impairment loss is as follows:

At 1 July	500	500
Charge for the year	545	-
At 30 June	1,045	500

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$

NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT) (cont'd)

At 30 June, the ageing analysis of trade receivables is as follows:

0-30 days	1,461,859	991,692
31-60 days	11,252	32,844
61-90 days	168,247	22,074
91+ days, past due not impaired	-	285
91+ days, considered impaired	1,045	500
Total	1,642,403	1,047,395

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(b) Related party receivables

Sales to related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

Allowance for impairment loss on trade receivables

For the year ended 30 June 2008, the Guild has not made any allowance for impairment losses relating to amounts owed by related parties as the payment history has been sound (2007: \$nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Guild recognises an allowance for the impairment loss.

(c) Fair value and credit risk

Due to the short term nature of these receivables, the carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Guild's policy to transfer (on-sell) receivables to special purpose entities.

NOTE 9 OTHER CURRENT ASSETS (CURRENT)

Prepayments	81,674	61,364
	81,674	61,364

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

At Fair Value

Investment in Guild Australian Equities Fund	2,487,223	3,061,621
	2,487,223	3,061,621

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

The fair value of the available-for-sale investment has been determined directly by reference to published price quotations in an active market.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
NOTE 11 OTHER FINANCIAL ASSETS AND RECEIVABLES (NON-CURRENT)		
Other Financial Assets		
At Cost		
Investments in controlled entities:		
Shares in controlled entities - unlisted		
Pharmacy Guild Home Infusion Association Pty Limited		
2 ordinary shares (2008: 100%, 2007: 100%)	2	2
GuildNET Pty Limited		
18 ordinary shares (2008: 100%, 2007: 100%)	18	18
Guild Group Holdings Limited		
3,585,434 ordinary shares (2008: 100%, 2007: 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 (2008: 100%, 2007: 100%)	804	804
National Pharmacy Television Pty Limited		
1 ordinary share (2008: 100%, 2007: 100%)	1	1
Pharmacy Electronic Network Telecommunications And Logistics Pty Ltd		
1 ordinary share (2008: 100%, 2007: 100%)	1	1
Healthlinks.net Pty Ltd		
1 ordinary share (2008: 100%, 2007: 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 (2008: 50%, 2007: 50%)	2	2
	<u>5,586,263</u>	<u>5,586,263</u>
Total investments		
	<u>5,586,263</u>	<u>5,586,263</u>
Receivables		
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)
	<u>-</u>	<u>-</u>
Unsecured loans to controlled entities		
Guild Group Holdings Limited	16,883,860	16,883,860
Gold Cross Products and Services Pty Ltd	411,580	411,580
	<u>17,295,440</u>	<u>17,295,440</u>
Unsecured loan to Australian College of Pharmacy Practice and Management Pty Ltd		
	177,000	177,000
Provision for impairment losses	(177,000)	-
	<u>-</u>	<u>177,000</u>
	<u>17,295,440</u>	<u>17,472,440</u>
Total loans	<u>17,295,440</u>	<u>17,472,440</u>
Total Other Financial Assets and Receivables	<u>22,881,703</u>	<u>23,058,703</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

2008	2007
\$	\$

NOTE 11 OTHER FINANCIAL ASSETS AND RECEIVABLES (NON-CURRENT) (cont'd)

(a) Receivables

The unsecured loan to Guild Group Holdings Limited is repayable on call, subject to providing no less than 6 months written notice (or whatever notice period the Guild and Guild Group Holdings Limited might agree to) to Guild Group Holdings Limited. The rate of interest applied to the loan is the 180 Day, Bank Bill Swap Reference Rate (BBSRW Rate) plus 40 basis points. The rate of interest is locked in for periods of 6 months.

The unsecured loan to Gold Cross Products and Services Pty Limited is repayable on call. The interest rate is fixed at 6.3% per annum.

The unsecured loan to Australian College of Pharmacy Practice and Management Pty Ltd is payable by 31 December 2013. The loan is interest only until 31 December 2008 and thereafter is principal and interest and is payable as advised by the Guild. The interest rate is variable.

(b) Allowance for Impairment Losses

The Guild has provided for impairment losses amounting to \$177,000 in 2008 in relation to the unsecured loan to Australian College of Pharmacy Practice and Management Pty Limited. The Guild has assessed that the future cash flows of the financial asset cannot be reliably estimated due to the financial difficulty of the obligor.

The Guild 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.

(c) Fair values

The fair values of non-current receivables of the Guild are equal to their carrying amounts.

The fair values are based on cash flows discounted at a rate reflecting current market rates adjusted for counter party credit risk.

(d) Interest rate risk

Details regarding interest rate risk exposure is disclosed in note 23.

(e) Credit risk

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each class of receivables. No collateral is held as security.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
NOTE 12 PROPERTY, PLANT AND EQUIPMENT		
Reconciliation of carrying amounts at the beginning and end of period		
Office equipment - at cost		
As at 1 July, net of accumulated depreciation and impairment	373,491	487,739
Additions	110,522	83,694
Disposals	(3,079)	(1,427)
Depreciation	(194,969)	(196,515)
As at 30 June, net of accumulated depreciation and impairment	<u>285,965</u>	<u>373,491</u>
Cost	980,500	1,139,127
Accumulated depreciation and impairment	(694,535)	(765,636)
Net carrying amount	<u>285,965</u>	<u>373,491</u>
Motor vehicles - at cost		
As at 1 July, net of accumulated depreciation and impairment	245,696	320,678
Additions	-	184,302
Disposals	(30,909)	(199,957)
Depreciation	(58,759)	(59,327)
As at 30 June, net of accumulated depreciation and impairment	<u>156,028</u>	<u>245,696</u>
Cost	274,435	319,668
Accumulated depreciation and impairment	(118,407)	(73,972)
Net carrying amount	<u>156,028</u>	<u>245,696</u>
Artwork - at cost		
As at 1 July, net of accumulated depreciation and impairment	100,159	85,159
Additions	-	15,000
As at 30 June, net of accumulated depreciation and impairment	<u>100,159</u>	<u>100,159</u>
Net carrying amount at beginning and end	<u>100,159</u>	<u>100,159</u>
Antiques - at cost		
As at 1 July, net of accumulated depreciation and impairment	17,626	16,626
Additions	-	1,000
As at 30 June, net of accumulated depreciation and impairment	<u>17,626</u>	<u>17,626</u>
Net carrying amount at beginning and end	<u>17,626</u>	<u>17,626</u>
Capital Work in Progress - at cost		
Additions	348,001	-
As at 30 June	<u>348,001</u>	<u>-</u>
Net carrying amount at beginning and end	<u>348,001</u>	<u>-</u>
Total Property, Plant and Equipment - at cost		
As at 1 July, net of accumulated depreciation and impairment	736,972	910,202
Additions	458,523	283,996
Disposals	(33,988)	(201,384)
Depreciation	(253,728)	(255,842)
As at 30 June, net of accumulated depreciation and impairment	<u>907,779</u>	<u>736,972</u>
Cost	1,720,721	1,576,580
Accumulated depreciation and impairment	(812,942)	(839,608)
Net carrying amount	<u>907,779</u>	<u>736,972</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
NOTE 13 TRADE AND OTHER PAYABLES (CURRENT)		
Trade and other payables	2,342,193	1,059,445
Accrued expenses	637,762	1,287,453
Annual leave	623,680	470,788
Amounts payable to related entities		
Branch creditors	555,116	948,987
Gold Cross Products and Services Pty Ltd	39	54
Guild Group Holdings Limited	23,939	-
Guild Insurance Limited	-	844
Guild Legal Limited	76,684	37,215
Sacassan, Bailey and Partners	2,144	-
Fred Health Pty Limited	93,363	-
Income in advance	20,227	-
Amounts held on trust		
MPA	6,632	6,668
	<u>4,381,779</u>	<u>3,811,454</u>
Payables include the following:		
Amounts due to jointly controlled entity	273,569	1,438
Legal fees payable	73,538	80,297
	<u>347,107</u>	<u>81,735</u>

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Related party payables

Purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

(c) Interest rate and liquidity risk

Information regarding interest rate and liquidity risk exposure is set out in note 23.

NOTE 14 PROVISIONS

Long service leave		
At 1 July	672,673	563,577
Arising during the year	113,258	171,070
Transferred from other related entities	51,483	-
Utilised	(142,180)	(61,974)
At 30 June	<u>695,234</u>	<u>672,673</u>
Current	621,714	596,502
Non Current	73,520	76,171
	<u>695,234</u>	<u>672,673</u>
Provisions (Current) include the following		
Employee entitlements in respect of holders of offices	2,105	655

(a) Nature and timing of provisions

Long Service Leave

Refer to note 2(n) 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 THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
NOTE 15 RESERVES		
(a) Quality Care Pharmacy Program reserve		
Balance at the beginning of year	1,913,108	3,048,448
Transfer from/(to) accumulated funds	718,619	(1,135,340)
Balance at the end of year	<u>2,631,727</u>	<u>1,913,108</u>
(b) National Fighting Fund reserve		
Balance at the beginning of year	1,437,939	1,451,278
Transfer to accumulated funds	(257,742)	(13,339)
Balance at the end of year	<u>1,180,197</u>	<u>1,437,939</u>
(c) Net unrealised (losses) / gains reserve		
Balance at the beginning of year	557,319	123,394
Net (losses) / (gains) on available-for-sale financial assets	(690,821)	433,925
Balance at the end of year	<u>(133,502)</u>	<u>557,319</u>
Total Reserves	<u>3,678,422</u>	<u>3,908,366</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 2008 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 (losses) / 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	27,471,176	24,716,967
Net (deficit) / surplus attributable to the Guild	(2,524,044)	1,605,530
Transfer (to)/from Quality Care Pharmacy Program reserve	(718,619)	1,135,340
Transfer from/(to) Fighting Fund reserve	257,742	13,339
Balance at the end of the year	<u>24,486,255</u>	<u>27,471,176</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$

NOTE 16 COMMITMENTS

(a) 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 (expiring on 31 December 2009) 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	741,626	736,190
Later than one year and not later than five years	370,813	1,104,285
	1,112,439	1,840,475

(b) Property, plant and equipment commitments

The Guild has a contractual obligation to purchase plant and equipment for \$689,872 at balance date (2007: \$nil) relating to the refurbishment of the office premises. This commitment is expected to be settled within 12 months from balance date.

NOTE 17 RELATED PARTY DISCLOSURES

The following related party transactions occurred during the financial year:

Transactions with related parties:

i.	During the financial year, Healthlinks.net Pty Ltd repaid all of its loan to the National Secretariat. The balance of the loan in the prior year was \$300,198.		
ii.	During the financial year, the National Secretariat loaned \$100,000 to the South Australia Branch (2007: \$nil).		
iii.	Subscriptions income was received from the following Branches:		
	New South Wales	1,293,866	1,593,909
	Victoria	822,946	986,910
	Queensland	749,522	921,944
	South Australia	306,754	371,266
	Western Australia	378,322	471,726
	Tasmania	119,480	141,642
	Australian Capital Territory	57,687	64,286
	Northern Territory	24,900	23,509
		3,753,477	4,575,192
iv.	Branch debtors as at 30 June 2008 comprised:		
	New South Wales	29,338	37,115
	Victoria	5,025	10,772
	Queensland	243,087	1,428
	South Australia	2,489	43,863
	Western Australia	21,005	12,436
	Tasmania	7,513	3,259
	Australian Capital Territory	1,921	3,386
	Northern Territory	10,406	1,923
		320,784	114,182

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
NOTE 17 RELATED PARTY DISCLOSURES (cont'd)		
v. Branch creditors as at 30 June 2008 comprised:		
New South Wales	175,148	149,834
Victoria	69,918	137,757
Queensland	38,361	279,386
South Australia	9,601	74,631
Western Australia	26,777	80,376
Tasmania	149,134	6,995
Australian Capital Territory	8,275	24,071
Northern Territory	77,902	195,937
	<u>555,116</u>	<u>948,987</u>
vi. The National Secretariat has given subsidies to the following Branches to part fund their operations		
Tasmania	239,529	86,309
Australian Capital Territory	206,166	103,471
Northern Territory	146,663	175,949
	<u>592,358</u>	<u>365,729</u>
vii. Rent charged to Branches and other related parties during the year.	<u>53,100</u>	<u>67,944</u>
viii. During the year the National Secretariat received interest income from Guild Group Holdings Limited.	<u>1,371,858</u>	<u>1,298,904</u>
ix. During the year the National Secretariat received referral fee income from Guild Insurance Limited.	<u>2,136,384</u>	<u>2,082,381</u>
x. During the year the National Secretariat received Guild digest income from the Branches	<u>95,987</u>	<u>91,134</u>
xi. During the year the National Secretariat received commission income from Gold Cross Products and Services Pty Ltd.	<u>1,361,517</u>	<u>1,488,998</u>
xii. During the year the National Secretariat paid commissions to the Branches on Gold Cross Products and Services Pty Ltd income.	<u>351,850</u>	<u>381,440</u>
xiii. During the year the National Secretariat received dividend income from Guild Group Holdings Limited.	<u>-</u>	<u>4,000,000</u>
xiv. During the year the National Secretariat received income from Gold Cross Products and Services Pty Ltd for their publications	<u>14,491</u>	<u>37,109</u>
xv. 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>
xvi. During the year the National Secretariat received management fees from Healthlinks.net Pty Ltd	<u>8,812</u>	<u>43,136</u>
xvii. During the year the National Secretariat received interest income from Healthlinks.net Pty Ltd	<u>16,673</u>	<u>55,093</u>
xviii. During the year the National Secretariat paid DUSC expenses to Healthlinks.net Pty Ltd	<u>142,625</u>	<u>42,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
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	2008 \$	2007 \$
NOTE 17 RELATED PARTY DISCLOSURES (cont'd)		
xix. During the year the National Secretariat received interest income from Gold Cross Products and Services Pty Ltd	25,944	25,944
xx. During the year the National Secretariat received distribution income from Guild Capital Equities Fund	80,511	115,214
xxi. During the year the National Secretariat received certificate fees from the Branches	16,118	6,985
xxii. During the year the National Secretariat received sponsorship income from Healthlinks.net Pty Ltd	-	181,818
xxiii. During the year the National Secretariat paid rent to National Pharmacy Building Pty Ltd, a subsidiary of Guild Group Holdings Limited	707,283	668,297
xxiv. During the year the National Secretariat received interest income from the South Australian Branch	1,283	-
xxv. During the year the National Secretariat received dividend income from the Victorian Branch	481,250	-
xxvi. During the year the National Secretariat received sponsorship income from Gold Cross Products and Services Pty Ltd	45,000	-
xxvii. During the year the National Secretariat received insurance recovery income from Guild Insurance Ltd	71,527	-
xxviii. During the year the National Secretariat paid legal fees to Guild Legal Ltd	304,007	73,800
xxix. During the year the National Secretariat paid subsidies to the following Branches for the S2/S3 Pharmacy Assistant Training:		
New South Wales	163,800	-
Victoria	85,466	-
Queensland	36,450	-
South Australia	36,450	-
Western Australia	33,109	-
	<u>355,275</u>	<u>-</u>
xxx. During the year the National Secretariat paid Fred Health Pty Ltd, a subsidiary of the Victorian Branch, for expenses relating to ScriptX	80,000	-
xxxi. During the year the National Secretariat paid E-QCPP expenses to InnovationRX Pty Ltd, a subsidiary of the Queensland Branch	550,200	413,099
xxxii. During the year the National Secretariat provided subsidies to the following branches for QCPP management:		
New South Wales	267,769	43,006
Victoria	210,568	57,500
Queensland	184,984	44,338
South Australia	179,506	40,737
Western Australia	186,288	43,255
Tasmania	147,959	22,268
Australian Capital Territory	41,077	5,314
Northern Territory	43,273	-
	<u>1,261,424</u>	<u>256,418</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$

NOTE 18 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) National Council

S.B. BANKS
P. DIBBEN (resigned 16 April 2008)
J.H. DORNAN (resigned 11 November 2008)
J.C. DOWLING (resigned 31 July 2008)
R.J.C. FOSTER
J. LIAUW
T.J. LOGAN
N. META
Z.L. MULLEN
B.O'LOUGHLIN (appointed 16 April 2008; resigned 11 November 2008)
K. PEACHEY (resigned 11 November 2008)
P.W. REID (resigned 15 October 2008)
D. SANGHVI
B. SCHULTZ (resigned 11 November 2008)
K.S. SCLAVOS
T. RILEY
I.P. TODD
H.D. ZAFER

Compensation of National Councillors and key management personnel

Short-term	1,640,724	1,639,947
Post employment	647,921	708,295
	2,288,645	2,348,242

NOTE 19 CONTINGENT LIABILITIES

There are no contingent liabilities.

NOTE 20 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 21 SUBSEQUENT EVENTS

On 25 September 2008, the directors of Guild Group Holdings Limited declared a dividend on ordinary shares in respect of the 2008 financial year. The total amount of the dividend payable to the Guild is \$5,000,000.

On 1 October 2008, Healthlinks.net Pty Ltd, a subsidiary of the Guild, negotiated a licence agreement with a U.S.A based company, Mirixa Corporation, to licence technology and know-how that will allow Healthlinks to diversify its business activities into the Disease Management and Adherence sector. The licencing agreement, representing US\$10.5 million, has been guaranteed by the Pharmacy Guild of Australia.

On 28 October 2008, the Guild loaned an amount of \$850,000 to Healthlinks.net Pty Ltd. This advance forms part of a cash advance facility with a limit of \$2 million.

NOTE 22 AUDITOR REMUNERATION

Remuneration to auditors		
Audit fees	45,000	40,000
Other services	61,850	62,680
	106,850	102,680

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008**

NOTE 23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Guild's principal financial instruments comprise cash, short-term deposits, receivables, available for sale investments and payables.

The Guild manages its exposure to key financial risks, including interest rate and credit risk, in accordance with the Guild's financial risk management policy. The objective of the policy is to protect the Guild's future financial security.

It is, and has been throughout the period under review, the Guild's policy that no trading in financial instruments shall be undertaken.

Guild management reviews and agrees policies for managing each of the risks summarised below.

Primary responsibility for identification and control of financial risks rests with Guild management under the authority of the National Council. The National Council reviews and agrees policies for managing each of the risks identified below.

Risk Exposures and Responses

Interest rate risk

The Guild's exposure to market interest rates relates to the Guild's cash, short-term deposits and interest-bearing receivables.

The Guild has no debt obligations exposed to interest rate risk.

At balance date, the Guild had the following mix of financial assets exposed to Australian variable interest rate risk:

	2008 \$	2007 \$
Financial Assets		
Cash	2,269,672	1,506,505
Short-term deposits	10,765,178	7,371,453
Amounts receivable from related entities:		
Unsecured loan to South Australia branch	100,000	-
Amounts receivable from controlled entities:		
Healthlinks.net Pty Ltd	-	300,198
Guild Group Holdings Limited	16,833,551	16,833,551
Amounts receivable from other entity:		
Australian College of Pharmacy Practice and Management Pty Ltd	-	177,000
	<u>29,968,401</u>	<u>26,188,707</u>

At 30 June 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the net surplus / (deficit) would have been affected as follows:

Judgments of reasonably possible movements:	Net Surplus Higher / (Lower)	
	2008 \$	2007 \$
+ 1% (100 basis points)	208,026	217,481
- 1% (100 basis points)	(208,026)	(217,481)

The movements in net surplus are due to higher/(lower) interest from variable rate cash, short-term deposits and receivables.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008**

NOTE 23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Foreign Currency Risk

The Guild's exposure to foreign currency risk is minimal as it does not deal with foreign currency in the ordinary course of operations.

Equity Price Risk

The Guild is exposed to equity price risks arising from equity investments. Equity investments are held for strategic purposes rather than for trading purposes. The Guild does not actively trade investments.

To limit equity price risk, the Guild invests in the Guild Australian Equities Fund which has a diversified portfolio investing in Australian shares with a focus on long-term capital growth with some income.

At balance date, the Guild had the following mix of financial assets exposed to equity price risk:

2008	2007
\$	\$

Financial Assets

Investment in Guild Australian Equities Fund

2,487,223	3,061,621
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At 30 June 2008, if equity prices had moved, as illustrated in the table below, with all other variables held constant, equity would have been affected as follows:

Judgments of reasonably possible movements:

2008	Equity Higher / (Lower)	
	2008	2007
\$	\$	\$

Equity prices + 5%

124,361

153,081

Equity prices - 10%

(248,722)

(306,162)

The movements in equity are due to an increase in the fair value of available-for-sale financial assets.

Credit Risk

Credit risk arises from the financial assets of the Guild, which comprises cash and cash equivalents, trade and other receivables and available for sale financial assets. The Guild's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Guild does not hold any credit derivatives to offset its credit exposure.

The Guild trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Guild's policy to securitise its trade and other receivables.

It is the Guild's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Receivable balances are monitored on an ongoing basis with the result that the Guild's exposure to bad debts is not significant.

Other than the loan receivable from Guild Group Holdings Ltd of \$16,833,551 (2007: \$16,833,551), there are no significant concentrations of credit risk within the Guild and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008

NOTE 23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity Risk

The Guild's exposure to liquidity risk relates primarily to trade and other payables.

The Guild has no borrowings.

The following table details the Guild's remaining contractual maturity for its financial assets and liabilities.

Maturity analysis of financial assets and liabilities based on management's expectation.

Year ended 30 June 2008	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
Financial Assets					
Cash & cash equivalents	13,034,850	-	-	-	13,034,850
Trade & other receivables	4,665,040	100,000	-	17,295,440	22,060,480
Available for sale investments	-	-	-	2,487,223	2,487,223
	<u>17,699,890</u>	<u>100,000</u>	<u>-</u>	<u>19,782,663</u>	<u>37,582,553</u>
Financial Liabilities					
Trade & other payables	4,381,779	-	-	-	4,381,779
Net	<u>13,318,111</u>	<u>100,000</u>	<u>-</u>	<u>19,782,663</u>	<u>33,200,774</u>
Year ended 30 June 2007					
< 6 months	6 - 12 months	1 - 5 years	>5 years	Total	
Financial Assets					
Cash & cash equivalents	8,877,958	-	-	-	8,877,958
Trade & other receivables	6,450,911	300,198	-	17,472,440	24,223,549
Available for sale investments	-	-	-	3,061,621	3,061,621
	<u>15,328,869</u>	<u>300,198</u>	<u>-</u>	<u>20,534,061</u>	<u>36,163,128</u>
Financial Liabilities					
Trade & other payables	3,811,454	-	-	-	3,811,454
Net	<u>11,517,415</u>	<u>300,198</u>	<u>-</u>	<u>20,534,061</u>	<u>32,351,674</u>

Fair Value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.