



FAIR WORK  
AUSTRALIA

13 March 2012

Mr Silas Bell Banks  
National Vice President  
Pharmacy Guild of Australia  
P.O. Box 7036  
CANBERRA BUSINESS CENTRE ACT 2610

Email: [guild.nat@guild.org.au](mailto:guild.nat@guild.org.au)

Dear Mr Banks

**Re: The Pharmacy Guild of Australia  
Financial Report for the year ended 30 June 2011 - FR2011/2593**

I acknowledge receipt of the financial report of the Pharmacy Guild of Australia for the year ended 30 June 2011. The documents were lodged with Fair Work Australia on 2 December 2011.

The financial report has now been filed.

I also acknowledge receipt of your email of 9 February 2012 clarifying the line item of "Grants expenses" under "Other expenses" in the Notes to the financial report.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7822 or by email at [margaret.williams@fwa.gov.au](mailto:margaret.williams@fwa.gov.au)

Yours sincerely

MARGARET WILLIAMS  
Organisations and Research



The Pharmacy  
Guild of Australia

**CERTIFICATE OF VERIFICATION**

**IN ACCORDANCE WITH SECTION 268 OF THE *FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009***

I, SILAS BELL BANKS, National Vice President of the Pharmacy Guild of Australia, hereby certify that:

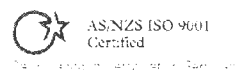
1. The documents lodged herewith, being the National Annual Report of the Pharmacy Guild of Australia incorporating the General Purpose Financial Report, Operating Report and Committee of Management's Statement together with the Independent Auditor's Report for the year ended 30 June 2011, are copies of the full report referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
2. The full report was provided to members on 1 November 2011 via the Pharmacy Guild of Australia website; and
3. The full report was presented to the National Council of the Pharmacy Guild of Australia at a meeting of the National Council held on 22 November 2011, in accordance with s266 of the *Fair Work (Registered Organisations) Act 2009*.

DATED THIS SECOND DAY OF DECEMBER 2011

**SILAS BELL BANKS  
NATIONAL VICE PRESIDENT**

**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](mailto:guild.nat@guild.org.au) · Internet: [www.guild.org.au](http://www.guild.org.au)



## THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT OPERATING REPORT

I. SILAS BELL BANKS, being the designated officer responsible for preparing this report for the financial year ended 30 June 2011 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 Fair Work (Registered Organisations) Regulations 2009.
- (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 Fair Work (Registered Organisations) Act 2009 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 Fair Work (Registered Organisations) Act 2009; and
- (iii) Section 272 of the Fair Work (Registered Organisations) Act 2009 outlines members and the General Manager of Fair Work Australia's rights to certain prescribed information. This information is detailed in Note 3 of the financial statements.

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

- (i) During the reporting period H.D. Zafer, due to being a member of National Council, was a director of Guild Trustee Services Pty Limited, the trustee for the Guild Retirement Fund, which includes GuildSuper and GuildPension.
- (ii) As at 30 June 2011 to which this report relates the number of members of the organisation was 4,201 including Honorary Life Members.
- (iii) As at 30 June 2011 the total number of employees employed by the reporting entity was 84.
- (iv) During the reporting period the following persons were members of National Council:
  - S.B. Banks
  - J. Dowling (appointed 27 July 2010)
  - J. Drewitt
  - M.P. Farrell
  - R.J.C. Foster
  - A. Galbraith
  - J. Liauw (resigned 6 July 2010)
  - T.J. Logan
  - P.S. McBeath
  - S.K. McGregor
  - N. Meta
  - Z.L. Mullen
  - D. Sanghvi
  - K.S. Sclavos
  - P.G. Sinclair
  - 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.



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SILAS BELL BANKS  
17 October 2011

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
COMMITTEE OF MANAGEMENT'S STATEMENT**

We, KOSMAS STAN SCLAVOS and SILAS BELL BANKS, being two members of the National Council of The Pharmacy Guild of Australia, do state on behalf of the National Council and in accordance with a resolution passed by the National Council on 14 October 2011 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 General Manager of Fair Work Australia;
- (c) the financial statements and notes give a true and fair view of the financial position of the National Secretariat as at 30 June 2011 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2011;
- (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 Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
  - (iv) the financial records of the National Secretariat have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - (v) 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 General Manager of Fair Work Australia in accordance with the requirements of section 272 of the Fair Work (Registered Organisations) Act 2009; and
  - (vi) the National Secretariat has complied with any order for inspection of financial records made by Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009.



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KOSMAS STAN SCLAVOS  
17 October 2011



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SILAS BELL BANKS  
17 October 2011

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 \$	2010 \$
<b>Income</b>			
Revenue from rendering of services	4	15,085,689	12,986,590
Other revenue	4	11,257,700	6,201,292
Other income	4	16,300,748	43,114,132
		<u>42,644,137</u>	<u>62,302,014</u>
Remuneration and employee benefits expense	5	(10,586,343)	(10,050,811)
Depreciation	12	(452,938)	(406,387)
Other expenses	5	(24,521,198)	(49,846,673)
		<u>7,083,658</u>	<u>1,998,143</u>
<b>Net surplus</b>			
<b>Other comprehensive income</b>			
Net fair value gains on available-for-sale financial assets	15(d)	223,278	221,571
		<u>7,306,936</u>	<u>2,219,714</u>
<b>Total comprehensive income</b>			
<b>Total comprehensive income attributable to the members of the Pharmacy Guild of Australia:</b>			
		<u>7,306,936</u>	<u>2,219,714</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2011**

	NOTE	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	19,819,532	20,622,888
Trade and other receivables	8	7,985,100	10,844,711
Other current assets	9	391,907	374,916
<b>Total current assets</b>		<u>28,196,539</u>	<u>31,842,515</u>
<b>Non-current assets</b>			
Available-for-sale financial assets	10	-	2,562,001
Other financial assets	11	5,586,263	5,586,263
Receivables	11	19,781,580	19,431,580
Property, plant and equipment	12	2,427,014	1,551,382
<b>Total non-current assets</b>		<u>27,794,857</u>	<u>29,131,226</u>
<b>TOTAL ASSETS</b>		<u>55,991,396</u>	<u>60,973,741</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	6,405,906	11,846,426
Government grants in advance		7,826,936	14,751,056
Provisions	14	899,165	829,593
<b>Total current liabilities</b>		<u>15,132,007</u>	<u>27,427,075</u>
<b>Non-current liabilities</b>			
Provisions	14	160,330	154,543
<b>Total non-current liabilities</b>		<u>160,330</u>	<u>154,543</u>
<b>TOTAL LIABILITIES</b>		<u>15,292,337</u>	<u>27,581,618</u>
<b>NET ASSETS</b>		<u>40,699,059</u>	<u>33,392,123</u>
<b>MEMBERS FUNDS</b>			
Reserves	15(d)	3,357,506	7,580,677
Accumulated funds	15(e)	37,341,553	25,811,446
		<u>40,699,059</u>	<u>33,392,123</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	Accumulated Funds \$	Net Unrealised Gains Reserve \$	Quality Care Pharmacy Program Reserve \$	National Fighting Fund Reserve \$	Guild Members' Disaster Appeal Fund Reserve \$	Total \$
<b>Balance as at 1 July 2009</b>		26,320,575	(444,849)	4,100,218	1,196,165	-	31,172,409
Net surplus attributable to Guild		1,998,143	-	-	-	-	1,998,143
Other comprehensive income		-	221,571	-	-	-	221,571
Total comprehensive income		<u>1,998,143</u>	<u>221,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,219,714</u>
Transfers from accumulated funds to QCPP reserves		(1,465,335)	-	1,465,335	-	-	-
Transfers from accumulated funds to National Fighting Fund reserve		(1,041,937)	-	-	1,041,937	-	-
<b>Balance as at 30 June 2010</b>	15	<u>25,811,446</u>	<u>(223,278)</u>	<u>5,565,553</u>	<u>2,238,402</u>	<u>-</u>	<u>33,392,123</u>
Net surplus attributable to Guild		7,083,658	-	-	-	-	7,083,658
Other comprehensive income		-	223,278	-	-	-	223,278
Total comprehensive income		<u>7,083,658</u>	<u>223,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,306,936</u>
Transfers from QCPP reserves to accumulated funds		5,565,553	-	(5,565,553)	-	-	-
Transfers from accumulated funds to National Fighting Fund reserve		(852,877)	-	-	852,877	-	-
Transfers from accumulated funds to Guild Members Disaster Appeal Fund		(266,227)	-	-	-	266,227	-
<b>Balance as at 30 June 2011</b>	15	<u>37,341,553</u>	<u>-</u>	<u>-</u>	<u>3,091,279</u>	<u>266,227</u>	<u>40,699,059</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Receipts from operations		23,425,122	23,218,765
Interest received		2,431,896	1,491,662
Dividends received		5,000,000	1,150,000
Government grants received		18,180,431	42,089,095
Payments to suppliers and employees		(47,264,599)	(61,959,169)
<b>Net cash flows from operating activities</b>	7	<u>1,772,850</u>	<u>5,990,353</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,409,010)	(164,361)
Proceeds from sale of property, plant and equipment		48,745	-
Issue of unsecured promissory notes by Guild Group Holdings Ltd		-	(16,840,000)
Loan repayment by Guild Group Holdings Limited		-	16,833,551
Loan to Australian College of Pharmacy Limited		-	(20,000)
Funds held on trust		(1,897)	-
Loan repayment by Australian College of Pharmacy Limited		37,937	21,395
Loan to Healthlinks.net Pty Ltd		(350,000)	(1,250,000)
<b>Net cash flows used in investing activities</b>		<u>(1,674,225)</u>	<u>(1,419,415)</u>
Net increase in cash and cash equivalents		98,625	4,570,938
Cash and cash equivalents at beginning of period		19,720,907	15,149,969
<b>Cash and cash equivalents at end of period</b>	7	<u><u>19,819,532</u></u>	<u><u>19,720,907</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.



**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2011**

**NOTE 1 ORGANISATIONAL INFORMATION**

The financial report of The Pharmacy Guild of Australia - National Secretariat (the Guild) for the year ended 30 June 2011 was authorised for issue in accordance with a resolution passed by the National Council on 14 October 2011.

The Pharmacy Guild of Australia is an organisation registered under the Fair Work (Registered Organisations) Act 2009. The nature of the operations and the principal activities of the Guild are described in the Operating Report.

The registered office of the Pharmacy Guild of Australia is:  
Level 2, 15 National Circuit  
BARTON ACT 2600

**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 the Fair Work (Registered Organisations) Act 2009.

The Guild is an entity that meets the requirements of paragraph 10 of AASB 127 Consolidated and Separate Financial Statements that permit an exemption from preparing consolidated financial statements. Instead these financial statements are separate financial statements and the accounting policies applied to investment in subsidiaries, jointly controlled entities and associates are listed in note 11 which disclose their measurement at cost. Under the Registered Rules of the Pharmacy Guild of Australia, the Guild prepares a separate set of consolidated financial statements which are available for all members upon request or distributed to all members separately.

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 (AASB).

*Changes in accounting policy and disclosures*

In the current period, the Guild has adopted all new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and that are effective for the current annual reporting period.

*Accounting Standards and Interpretations issued but not yet effective*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Guild for the annual reporting period ended 30 June 2011. These are outlined below.

Reference	Title	Standard	Effective date of standard	Impact on Guild financial report	Application date to Guild
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9-December 2010 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127)	The Australian Accounting Standards Board made Accounting Standard AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9-December 2010 under section 334 of the Corporations Act 2001 on 9 December 2010. This compiled version of AASB 2010-7 applies to annual reporting periods beginning on or after 1 January 2013. It incorporates relevant amendments contained in other AASB Standards made by the AASB up to and including 31 December 2010.	1 January 2013	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2013
AASB 2010-8	Amendments to Australian Accounting Standards (AASB 1, 3, 4, 5, 101, 107, 112, 113, 119, 121, 132, 135, 136, 137, 139, 140, 1023 & 1028 and Interpretations 127, 13, 127, 128 & 105-21)	These amendments principally arise from editorial corrections made by the International Accounting Standards Board (IASB) to its Standards and Interpretations (IFRSs) and by the AASB to its pronouncements. This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations including amendments to reflect changes made to the text of IFRSs by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2011

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2011**

**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 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	These amendments result from proposals that were included in Exposure Draft ED 188 Improvements to IFRSs published in September 2009 and in ED 185 Rate-regulated Activities published in July 2009, and follow the issuance of the IASB Standard Improvements to IFRSs in May 2010. The amendment resulting from ED 185 provides only an exemption in AASB 1 for first-time adopters with operations subject to rate regulation. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to Standards.	1 January 2011	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2011
AASB 2010-2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2013
AASB 2009-12	Amendments to Australian Accounting Standards [AASB, 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	All the other amendments principally arise from editorial corrections made by the IASB to its Standards and Interpretations (IFRSs) and by the AASB to its pronouncements.	1 January 2011	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2011
AASB 9	Financial Instruments	This revised AASB 9 incorporates the IASB's completed work on Phase 1 of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement) on the classification and measurement of financial assets and financial liabilities. In addition, the IASB completed its project on derecognition of financial instruments. This Standard includes requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.	1 January 2013	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2013

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR YEAR ENDED 30 JUNE 2011

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

b) Statement of compliance (cont'd)

Standard	Title	Summary	Applicable date of standard	Impact on the financials of the Guild	Applicable date of Guild
VASB 124	Related Party Disclosure	<p>The main changes from VASB 124 as issued in December 2005 (as amended) are described below:</p> <p>(a) The definition of a related party is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:</p> <p>(i) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other,</p> <p>(ii) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other, and</p> <p>(iii) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.</p> <p>(b) A partial exemption is provided from the disclosure requirements for government related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</p>	1 January 2011	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2011
VASB 685	Application of Tiers of Australian Accounting Standards	<p>This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:</p> <p>(a) Tier 1 - Australian Accounting Standards, and</p> <p>(b) Tier 2 - Australian Accounting Standards - Reduced Disclosure Requirements.</p> <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1, and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements:</p> <p>(a) for-profit entities in the private sector that have public accountability (as defined in this Standard), and</p> <p>(b) the Australian Government and State, Territory and Local Governments.</p> <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <p>(a) for-profit private sector entities that do not have public accountability,</p> <p>(b) all not-for-profit private sector entities, and</p> <p>(c) public sector entities other than the Australian Government and State, Territory and Local Governments.</p> <p>Whilst Tier 2 requirements would be available to all not-for-profit private sector entities and most public sector entities, regulators might exercise a power to require the application of Tier 1 requirements by the entities they regulate.</p>	1 July 2011	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2011

<sup>1</sup> designates the beginning of the applicable annual reporting period.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2011

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

**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 and are recognised as revenue upon invoicing each member.

*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**

Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability when the grant is received, and revenue is recognised as services are performed or conditions fulfilled.

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

Revenue from non-reciprocal grants is recognised when received.

**e) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether 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, even if that right is not explicitly specified in an arrangement.

*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 leased 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 operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

**f) Cash and Cash Equivalents**

Cash and cash equivalents in the statement of financial position 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 statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2011

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

**g) 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.

**h) 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 statement of financial position.

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

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

**i) 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.

**j) 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 or originated. Designation is re-evaluated at each reporting date, 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 profit or loss, directly attributable transaction costs.

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

**j) Investments and other financial assets (cont'd)**

*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 when the entity transfers substantially all of the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all the risks and rewards, it derecognises the asset if it has transferred control of the assets.

*Subsequent measurement*

*(i) 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. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

*(ii) Available-for-sale financial assets*

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale or are not classified as any of the other three categories. After initial recognition available-for-sale financial assets 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 reporting 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 and supportable market data as possible and keeping judgemental inputs to a minimum.

**k) Impairment of non-financial assets other than goodwill and indefinite life intangibles**

Non-financial assets other than goodwill and indefinite life intangibles 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. Recoverable amount is the higher of an asset's 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.

**l) Trade and other payables**

Trade 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.

**m) 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 statement of comprehensive income 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 the reporting date. The discount rate used to determine the present value reflects current market assessments of 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.

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

**m) Provisions and employee benefits (cont'd)**

*Employee leave benefits*

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

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in trade and 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.

**n) 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.

*(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 statement of comprehensive income. 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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2011	2010
	\$	\$

**NOTE 3 INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR**

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, 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 the General Manager of Fair Work Australia, 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).

**NOTE 4 INCOME**

<b>Revenue from rendering of services</b>		
Membership subscriptions ex branches	5,043,983	4,672,010
Quality Care Pharmacy Program (QCPP) income		
Membership subscriptions	7,593,931	7,586,812
Assessor fees	2,209,507	488,920
Sale of QCPP related items	6,884	43,804
Drug Utilisation Sub-Committee / Chemdata income	231,384	195,044
	15,085,689	12,986,590
<b>Other Revenue</b>		
Interest received		
Controlled entities	1,685,298	1,359,805
Other corporations	715,619	191,374
Commissions from controlled entity	1,162,195	1,002,153
Dividend income from controlled entities	5,000,000	1,150,000
Distribution income from managed funds	209,409	71,694
Referral fees from controlled entity	2,444,322	2,376,609
Rent received from branches and other related parties	40,857	49,657
	11,257,700	6,201,292
<b>Other income</b>		
Grants received	15,290,840	41,983,773
Litigation settlements	-	450,000
Sponsorship income	21,364	444,273
Donations received for the Guild Members' Disaster Appeal Fund (to assist members that were severely affected by floods across eastern Australia)	460,056	-
Insurance recovery	30,078	5,400
Reversal of impairment losses	37,937	1,395
Other income	460,473	229,291
	16,300,748	43,114,132
	42,644,137	62,302,014

**NOTE 5 EXPENSES**

<b>Remuneration and employee benefits expense</b>		
Remuneration to elected officials	564,037	561,924
Remuneration to employees	8,066,838	7,569,761
Superannuation to elected officials	32,839	31,561
Superannuation to employees	952,551	915,541
Provision for annual leave - elected officials	35,155	32,940
Provision for annual leave - employees	98,754	70,743
Provision for long service leave - elected officials	14,669	22,263
Provision for long service leave - employees	124,820	165,395
Other on-costs (payroll tax and workers compensation expenses)	696,680	680,683
<b>Total remuneration and employee benefits expense</b>	10,586,343	10,050,811

Remuneration and employee benefits expense of \$2,844,268 (2010: \$2,993,597) was recovered from grants received during the year.



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	2011	2010
	\$	\$
<b>NOTE 5 EXPENSES (cont'd)</b>		
<b>Other expenses</b>		
Administrative expenses	575,752	489,508
Affiliation fees	78,120	77,531
Auditor remuneration		
Audit fees	50,648	50,171
Other assurance services	73,716	73,710
Branch QCPP Management	1,868,911	1,591,585
Commissions to branches	297,147	258,981
Consultants expenses	452,660	763,071
Drug Utilisation Sub-Committee / Chemdata expenses	119,982	93,000
Donations	55,628	49,942
Donations paid from the Guild Members' Disaster Appeal Fund	200,000	-
E-QCPP expenses	-	919,213
Finance costs	-	-
<b>Grants expenses</b>	<b>12,209,227</b>	<b>38,790,746</b>
Grants and subsidies to branches	484,801	474,621
Legal expenses	499,503	357,646
Loss on disposal of available-for-sale financial assets	170,633	-
Loss on disposal of fixed assets	31,695	598
Meeting expenses and allowances		
National Council	287,084	357,351
Chairman and committee expenses	170,102	327,181
Other meeting expenses	47,472	34,952
QCPP assessment expenses	1,992,571	470,689
Rent paid (minimum lease payments - operating lease)	809,610	814,658
Special projects	309,271	423,335
Standards maintenance assessments	1,018,613	906,420
Standards materials expenses	346,491	63,267
Travel expenses (local and overseas)	405,920	395,595
Other expenses	1,965,641	2,062,902
<b>Total other expenses</b>	<b>24,521,198</b>	<b>49,846,673</b>

**NOTE 6 CASH AND CASH EQUIVALENTS**

<b>Guild cash</b>		
Cash at bank and in hand	4,515,033	3,739,564
Short-term deposits	10,745,343	15,197,156
	<u>15,260,376</u>	<u>18,936,720</u>
<b>Cash held in trust</b>		
Cash at bank held in trust (a)	4,559,156	784,187
Short-term deposits held in trust (b)	-	901,981
	<u>4,559,156</u>	<u>1,686,168</u>
<b>Total cash</b>	<u>19,819,532</u>	<u>20,622,888</u>

**(a) Cash at bank held in trust**

The Pharmacy Guild of Australia holds cash at bank on trust that represent government grant funds provided by the Commonwealth of Australia.

**(b) Short-term deposits held in trust**

The Pharmacy Guild of Australia held short-term deposits on behalf of its subsidiary, Gold Cross Products and Services Pty Limited. These funds were not available for use by the Pharmacy Guild of Australia and were returned to Gold Cross Products and Services Pty Limited during the 2011 financial year.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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	2011	2010
	\$	\$

**NOTE 7 CASH FLOW RECONCILIATION**

**Reconciliation to statement of cash flows**

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

Cash at bank and in hand	9,074,189	4,523,751
Short-term deposits available for use	10,745,343	15,197,156
	19,819,532	19,720,907

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.

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

Operating surplus	7,083,658	1,998,143
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	452,938	406,387
Net loss on disposal of available-for-sale financial assets	170,633	-
Net loss on disposal of fixed assets	31,695	598
Reversal of impairment losses	(37,937)	(1,395)
<i>Changes in assets and liabilities</i>		
Decrease/(increase) in trade and other receivables	5,675,409	(2,695,001)
(Increase) in prepayments	(16,991)	(136,811)
Reinvestment in Guild Australian Equities Fund	(82,019)	(78,163)
(Decrease)/increase in trade and other payables	(4,539,103)	4,649,622
Increase in employee benefits	75,359	187,658
(Decrease)/increase in income in advance	(4,227)	4,227
Decrease/(increase) in net GST receivable/payable	677,705	(248,065)
(Decrease)/increase in net government grants in advance/receivable	(7,714,270)	1,903,153
Net cash flows from operating activities	1,772,850	5,990,353

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

Trade and other receivables	5,841,058	8,846,041
Allowance for impairment loss	-	-
	5,841,058	8,846,041
Amounts receivable from related entities:		
Branch debtors	61,718	41,468
Gold Cross Products and Services Pty Limited	344,993	341,313
Guild Insurance Limited	924,552	914,326
Guild Group Holdings Limited	-	245
Healthlinks.net Pty Ltd	22,458	30,130
Net GST receivable	-	671,017
Government grants receivable	790,321	171
Carrying amount of trade and other receivables	7,985,100	10,844,711
Trade and other receivables includes the following amounts owing by a jointly controlled entity		
Australian Association of Consultant Pharmacy Pty Limited	2,238	61,599

**(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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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	2011	2010
	\$	\$

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

At 30 June, the ageing analysis of trade receivables and receivables from related and controlled entities is as follows:

0-30 days	6,839,777	9,000,243
31-60 days	253,831	1,088,816
61-90 days	10,950	14,464
91+ days, past due not impaired	90,221	70,000
91+ days, considered impaired	-	-
<b>Total</b>	<b>7,194,779</b>	<b>10,173,523</b>

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**

Branch debtors as at 30 June comprised:

New South Wales	9,077	230
Victoria	3,847	4,367
Queensland	8,228	4,154
South Australia	10,485	8,193
Western Australia	10,321	204
Tasmania	10,799	7,632
Australian Capital Territory	5,318	12,310
Northern Territory	3,643	4,378
	<b>61,718</b>	<b>41,468</b>

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 2011, the Guild has not made any allowance for impairment losses relating to amounts owed by related parties as the payment history has been sound (2010: 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	391,907	374,916
	<b>391,907</b>	<b>374,916</b>

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

**At Fair Value**

Investment in Guild Australian Equities Fund	-	2,562,001
	<b>-</b>	<b>2,562,001</b>

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 THE FINANCIAL STATEMENTS**  
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	2011 \$	2010 \$
<b>NOTE 11 OTHER FINANCIAL ASSETS AND RECEIVABLES (NON-CURRENT)</b>		
<b>Other Financial Assets</b>		
<b>At Cost</b>		
Investments in controlled entities:		
Shares in controlled entities - unlisted		
Pharmacy Guild Home Infusion Association Pty Limited		
2 ordinary shares (2011: 100%, 2010: 100%)	2	2
GuildNET Pty Limited		
18 ordinary shares (2011: 100%, 2010: 100%)	18	18
Guild Group Holdings Limited		
3,585,434 ordinary shares at \$1 per share (2011: 100%, 2010: 100%)	3,585,434	3,585,434
20,000 ordinary shares at \$100 per share (2011: 100%, 2010: nil)	2,000,000	-
20,000 Redeemable cumulative non participating preference shares (2011: nil, 2010: 100%)	-	2,000,000
Gold Cross Products and Services Pty Ltd		
402 ordinary shares (2011: 100%, 2010: 100%)	804	804
National Pharmacy Television Pty Limited		
1 ordinary share (2011: 100%, 2010: 100%)	1	1
Pharmacy Electronic Network Telecommunications And Logistics Pty Ltd		
1 ordinary share (2011: 100%, 2010: 100%)	1	1
Healthlinks.net Pty Ltd		
1 ordinary share (2011: 100%, 2010: 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 (2011: 50%, 2010: 50%)	2	2
Total other financial assets	<u>5,586,263</u>	<u>5,586,263</u>
<b>Receivables</b>		
Unsecured loans to jointly controlled entity		
Australian Association of Consultant Pharmacy Pty Limited	80,000	80,000
Unsecured loans to controlled entities		
Gold Cross Products and Services Pty Ltd	411,580	411,580
Healthlinks.net Pty Ltd	2,450,000	2,100,000
	<u>2,861,580</u>	<u>2,511,580</u>
Unsecured promissory notes (controlled entities)		
Guild Group Holdings Limited	16,840,000	16,840,000
Unsecured loan to Australian College of Pharmacy Limited		
Provision for impairment losses	122,284	160,221
	<u>(122,284)</u>	<u>(160,221)</u>
	<u>-</u>	<u>-</u>
Total receivables	<u>19,781,580</u>	<u>19,431,580</u>
<b>Total Other Financial Assets and Receivables</b>	<u><u>25,367,843</u></u>	<u><u>25,017,843</u></u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$

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

**(a) Receivables**

*(i) Guild Group Holdings Limited*

On the 18 June 2010, Guild Group Holdings Limited issued to the Pharmacy Guild of Australia - National Secretariat 1,684 unsecured promissory notes at an issue price of \$10,000 each (total value of \$16,840,000). These notes have a term of 10 years and are repayable on 18 June 2020. The rate of interest applicable to the notes is the 180 Day Bank Bill Swap Rate (BBSY) plus 350 basis points. The rate of interest is determined on a six monthly basis and the interest payable is cumulative and accrues daily.

*(ii) Gold Cross Products and Services Pty Limited*

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.

*(iii) Australian College of Pharmacy Limited*

The unsecured loan to Australian College of Pharmacy Limited is payable by 31 May 2014. From 1 January 2009, interest is payable and the interest rate is locked in for periods of 6 months. The interest rate at reporting date is 5.2% per annum (2010: 4.2% per annum).

*(iv) Healthlinks.net Pty Limited*

The unsecured loan provided to Healthlinks.net Pty Ltd forms part of a cash advance facility with a limit of \$2.75 million. Healthlinks.net Pty Ltd is required to give 1 month written notice to draw down further on the cash advance facility. Loan amounts drawdown are repayable on call, subject to providing no less than 6 months written notice. For the first 6 months of the facility, the rate of interest applied to the loan was fixed at 10% per annum. Subsequent to this date, the rate of interest is now variable, with a rate of 7.75% as at reporting date (2010: 7.5%).

**(b) Allowance for Impairment Losses**

The Guild has provided for impairment losses amounting to \$122,284 in 2011 (2010: \$160,221) in relation to the unsecured loan to Australian College of Pharmacy 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.

**(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 22.

**(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  
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	2011	2010
	\$	\$
<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	1,216,862	1,505,879
Additions	713,212	70,229
Transfer	54,910	-
Disposals	-	(598)
Depreciation	(414,121)	(358,648)
As at 30 June, net of accumulated depreciation and impairment	<u>1,570,863</u>	<u>1,216,862</u>
Cost	3,246,535	2,519,450
Accumulated depreciation and impairment	(1,675,672)	(1,302,588)
Net carrying amount	<u>1,570,863</u>	<u>1,216,862</u>
<b>Motor vehicles - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	123,203	170,942
Additions	90,552	-
Disposals	(41,218)	-
Depreciation	(38,817)	(47,739)
As at 30 June, net of accumulated depreciation and impairment	<u>133,720</u>	<u>123,203</u>
Cost	222,026	270,544
Accumulated depreciation and impairment	(88,306)	(147,341)
Net carrying amount	<u>133,720</u>	<u>123,203</u>
<b>Artwork - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	99,559	99,559
Additions	-	-
As at 30 June, net of accumulated depreciation and impairment	<u>99,559</u>	<u>99,559</u>
Net carrying amount at beginning and end	<u>99,559</u>	<u>99,559</u>
<b>Antiques - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	17,626	17,626
Additions	-	-
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>
<b>Capital Work in Progress - at cost</b>		
As at 1 July	94,132	-
Additions	605,246	94,132
Transfer	(54,910)	-
Disposals	(39,222)	-
As at 30 June	<u>605,246</u>	<u>94,132</u>
Net carrying amount at beginning and end	<u>605,246</u>	<u>94,132</u>
<b>Total Property, Plant and Equipment - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	1,551,382	1,794,006
Additions	1,409,010	164,361
Disposals	(80,440)	(598)
Depreciation	(452,938)	(406,387)
As at 30 June, net of accumulated depreciation and impairment	<u>2,427,014</u>	<u>1,551,382</u>
Cost	4,190,992	3,001,311
Accumulated depreciation and impairment	(1,763,978)	(1,449,929)
Net carrying amount	<u>2,427,014</u>	<u>1,551,382</u>

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	2011	2010
	\$	\$
<b>NOTE 13 TRADE AND OTHER PAYABLES (CURRENT)</b>		
Trade and other payables	2,443,593	6,350,580
Accrued expenses	1,599,428	2,773,245
Amounts payable to related entities		
Branch creditors	1,344,863	649,997
Gold Cross Products and Services Pty Limited	659	1,172,621
Guild Accountants Pty Limited	6,050	12,925
Guild Insurance Limited	31,533	-
Healthlinks.net Pty Ltd	105,632	-
InnovationRX Pty Limited	63,389	116,600
Meridian Lawyers (formerly Guild Legal Limited)	14,621	47,081
Net GST payable	6,688	-
Income in advance	-	4,227
Annual leave	784,715	712,518
Amounts held on trust		
MPA	4,735	6,632
	<u>6,405,906</u>	<u>11,846,426</u>
Payables include the following:		
Amounts due to jointly controlled entity	-	61,446
Legal fees payable	35,391	119,865
	<u>35,391</u>	<u>181,311</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**

Branch creditors as at 30 June comprised:

New South Wales	358,457	64,482
Victoria	213,588	78,755
Queensland	303,582	112,998
South Australia	57,170	20,353
Western Australia	69,486	22,857
Tasmania	90,410	115,148
Australian Capital Territory	84,058	51,283
Northern Territory	168,112	184,121
	<u>1,344,863</u>	<u>649,997</u>

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 22.

**NOTE 14 PROVISIONS**

Long service leave		
Current	899,165	829,593
Non-current	160,330	154,543
	<u>1,059,495</u>	<u>984,136</u>
Provisions (non-current) include the following		
Employee entitlements in respect of holders of offices	46,455	31,786

**(a) Nature and timing of provisions**

*Long Service Leave*

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

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		2011	2010
		\$	\$
<b>NOTE 15 RESERVES AND ACCUMULATED FUNDS</b>			
(a)	<b>Quality Care Pharmacy Program reserve</b>		
	Balance at the beginning of year	5,565,553	4,100,218
	Transfer (to)/from accumulated funds	(5,565,553)	1,465,335
	Balance at the end of year	<u>-</u>	<u>5,565,553</u>
(b)	<b>National Fighting Fund reserve</b>		
	Balance at the beginning of year	2,238,402	1,196,465
	Transfer from accumulated funds	852,877	1,041,937
	Balance at the end of year	<u>3,091,279</u>	<u>2,238,402</u>
(c)	<b>Guild Members' Disaster Appeal Fund reserve</b>		
	Balance at the beginning of year	-	-
	Transfer from accumulated funds	266,227	-
	Balance at the end of year	<u>266,227</u>	<u>-</u>
(d)	<b>Net unrealised gains / (losses) reserve</b>		
	Balance at the beginning of year	(223,278)	(444,849)
	Net gains on available-for-sale financial assets	223,278	221,571
	Balance at the end of year	<u>-</u>	<u>(223,278)</u>
	<b>Total Reserves</b>	<u>3,357,506</u>	<u>7,580,677</u>
(a)	<b>Quality Care Pharmacy Program reserve</b>		
	The Quality Care Pharmacy Program reserve was established to promote and fund the Quality Care Pharmacy Program to Guild members. The reserve was closed off to accumulated funds in the 2011 financial year.		
(b)	<b>National Fighting Fund reserve</b>		
	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 funds as at 30 June 2011 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)	<b>Guild Members' Disaster Appeal Fund reserve</b>		
	To assist members that were severely affected by natural disasters across eastern Australia during the 2010/11 financial year, the Guild Members' Disaster Appeal fund was established. Donated funds received are to be distributed to member applicants that satisfy the criteria established by the Guild's Corporate Services Committee.		
(d)	<b>Net unrealised (losses) / gains reserve</b>		
	This reserve records movements in the fair value of available-for-sale financial assets.		
(e)	<b>Accumulated Funds</b>		
	Balance at the beginning of the year	25,811,446	26,320,575
	Net surplus attributable to the Guild	7,083,658	1,998,143
	Transfer from / (to) the Quality Care Pharmacy Program reserve	5,565,553	(1,465,335)
	Transfer (to) the Fighting Fund reserve	(852,877)	(1,041,937)
	Transfer (to) the Guild Members' Disaster Appeal Fund reserve	(266,227)	-
	Balance at the end of the year	<u>37,341,553</u>	<u>25,811,446</u>



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	2011	2010
	\$	\$

**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 2019) 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)		
Within one year	755,536	763,090
After one year but not more than five years	3,022,142	3,052,358
After more than five years	2,644,375	3,433,903
	6,422,053	7,249,351

**(b) Property, plant and equipment commitments**

The Guild is committed to the payment of \$293,381 to Healthlinks.net Pty Ltd at reporting date for the development of a database (2010: Nil). The commitment is expected to be settled within 12 months from reporting date.

**NOTE 17 RELATED PARTY DISCLOSURES**

The following related party transactions occurred during the financial year:

Transactions with related parties:

a)	Subscriptions income was received from the following Branches:		
	New South Wales	1,631,096	1,558,783
	Victoria	1,146,157	1,057,415
	Queensland	1,020,419	927,628
	South Australia	389,641	342,912
	Western Australia	574,737	518,855
	Tasmania	145,100	138,911
	Australian Capital Territory	71,361	66,141
	Northern Territory	33,290	29,182
		3,011,801	4,639,827
b)	The National Secretariat has given subsidies to the following Branches to part fund their operations:		
	Tasmania	(60,031)	(98,949)
	Australian Capital Territory	(207,000)	(210,000)
	Northern Territory	(217,770)	(165,672)
		(484,801)	(474,621)
c)	Rent charged to Branches and other related parties during the year:		
	Tasmania (Branch)	40,857	31,500
	Australian Capital Territory (Branch)	-	6,195
	Gold Cross Products and Services Pty Limited	-	5,400
	Meridian Lawyers (formerly Guild Legal Ltd)	-	6,562
		40,857	49,657
d)	During the year the National Secretariat received interest income from Guild Group Holdings Limited.	1,480,406	1,236,306
e)	During the year the National Secretariat received referral fee income from Guild Insurance Limited, a subsidiary of Guild Group Holdings Limited.	2,444,322	2,376,600

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	2011 \$	2010 \$
<b>NOTE 17 RELATED PARTY DISCLOSURES (cont'd)</b>		
f) During the year the National Secretariat received Guild Digest income from the Branches:		
New South Wales	35,533	34,460
Victoria	27,018	24,920
Queensland	26,182	23,310
South Australia	9,250	8,190
Western Australia	13,914	11,520
Tasmania	3,496	3,404
Australian Capital Territory	1,558	1,540
Northern Territory	874	770
	<u>117,825</u>	<u>108,114</u>
g) During the year the National Secretariat received commission income from Gold Cross Products and Services Pty Limited.	<u>1,162,195</u>	<u>1,002,153</u>
h) During the year the National Secretariat paid commissions to the Branches on Gold Cross Products and Services Pty Ltd income:		
New South Wales	(32,823)	(30,532)
Victoria	(97,539)	(84,142)
Queensland	(83,308)	(73,089)
South Australia	(25,511)	(22,749)
Western Australia	(39,899)	(33,554)
Tasmania	(15,583)	(12,617)
Australian Capital Territory	(1,141)	(1,101)
Northern Territory	(1,343)	(1,197)
	<u>(297,147)</u>	<u>(258,981)</u>
i) During the year the National Secretariat received dividend income from Guild Group Holdings Limited.	<u>5,000,000</u>	<u>1,150,000</u>
j) During the year the National Secretariat received income from Gold Cross Products and Services Pty Ltd for their publications	<u>-</u>	<u>10,764</u>
k) During the year the National Secretariat received income from Guild Group Holdings Limited for advertising in their publications	<u>15,000</u>	<u>15,000</u>
l) During the year the National Secretariat received sponsorship income from Healthlinks.net Pty Ltd	<u>-</u>	<u>3,000</u>
m) During the year the National Secretariat received interest income from Healthlinks.net Pty Ltd	<u>178,948</u>	<u>97,555</u>
n) During the year the National Secretariat paid DUSC expenses to Fred Health Pty Ltd, an associate of the Victorian Branch	<u>(44,327)</u>	<u>(39,000)</u>
o) 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>
p) During the year the National Secretariat received sponsorship income from Guild Group Holdings Ltd	<u>-</u>	<u>12,091</u>
q) During the year the National Secretariat paid rent to National Pharmacy Building Pty Ltd, a subsidiary of Guild Group Holdings Limited	<u>(643,042)</u>	<u>(740,286)</u>
r) During the year the National Secretariat received sponsorship income from Gold Cross Products and Services Pty Ltd	<u>30,000</u>	<u>21,182</u>
s) During the year the National Secretariat received insurance recovery income from Guild Insurance Ltd, a subsidiary of Guild Group Holdings Ltd	<u>-</u>	<u>5,400</u>

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		2011	2010
		\$	\$
<b>NOTE 17 RELATED PARTY DISCLOSURES (cont'd)</b>			
t)	During the year the National Secretariat paid legal fees to Meridian Lawyers (formerly Guild Legal Ltd), a subsidiary of Guild Group Holdings Limited	(213,643)	(198,191)
u)	During the year the National Secretariat paid subsidies to the following Branches for the S2/S3 Pharmacy Assistant Training:		
	New South Wales	-	(17,920)
	Queensland	-	(3,020)
	South Australia	-	(1,960)
	Western Australia	-	(3,800)
		<u>-</u>	<u>(26,700)</u>
v)	During the year the National Secretariat paid E-QCPP expenses to InnovationRX Pty Ltd, a subsidiary of the Queensland Branch	-	(915,000)
w)	During the year the National Secretariat paid InnovationRX Pty Ltd, a subsidiary of the Queensland Branch, for National Database licence fees	(73,085)	(76,365)
x)	During the year the National Secretariat provided subsidies to the following branches for QCPP Management and Standards Maintenance Assessment:		
	New South Wales	(592,800)	(416,076)
	Victoria	(561,650)	(461,000)
	Queensland	(454,150)	(509,356)
	South Australia	(227,500)	(198,900)
	Western Australia	(247,900)	(222,600)
	Tasmania	(152,050)	(146,000)
	Australian Capital Territory	(88,000)	(75,000)
	Northern Territory	(70,550)	(70,000)
		<u>(2,394,600)</u>	<u>(2,098,932)</u>
y)	During the year the National Secretariat paid the NSW Branch for Cold Chain expenses	(306,600)	(210,400)
z)	During the year the National Secretariat provided sponsorship to the QLD Branch for conferences	(13,000)	(35,000)
aa)	During the year the National Secretariat paid fees to Guild Accountants Pty Ltd, a subsidiary of Guild Group Holdings Ltd	(5,721)	(12,850)
ab)	During the year the National Secretariat received sponsorship income from Fred Health Pty Ltd, an associate of the Victorian Branch	-	3,000
ac)	During the year the National Secretariat purchased electronic scripts, on behalf of Pharmacy Guild members, from eRx Script Exchange Pty Ltd (a subsidiary of Fred Health Pty Ltd, which is an associate of the Victorian Branch)	-	(300,000)
ad)	During the year Guild Insurance Limited, a subsidiary of Guild Group Holdings Limited, contributed a donation towards the Guild Members' Disaster Appeal Fund	200,000	-
ae)	During the year the National Secretariat paid amounts to InnovationRX Pty Ltd, a subsidiary of the Queensland Branch, for capital work in progress activities	(142,876)	-
af)	During the year the National Secretariat paid amounts to Healthlinks.net Pty Ltd for capital work in progress activities	(155,619)	-

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	2011	2010
	\$	\$

**NOTE 18 KEY MANAGEMENT PERSONNEL**

(a) Details of Key Management Personnel

(i) National Council

S.B. Banks  
J. Dowling (appointed 27 July 2010)  
J. Drewitt  
M.P. Farrell  
R.J.C. Foster  
A. Galbraith  
J.A. Liauw (resigned 6 July 2010)  
T.J. Logan  
P.S. McBeath  
S.K. McGregor  
N. Meta  
Z.L. Mullen  
D. Sanghvi  
K.S. Selavos  
P.G. Sinclair  
I. Riley  
I.P. Todd  
H.D. Zafer

Compensation of National Councillors and other key management personnel

Short term	2,301,422	2,390,588
Post employment	437,496	416,428
Other long-term benefits	37,191	95,914
Termination benefits	147,684	-
	2,923,793	2,902,930

**NOTE 19 CONTINGENT LIABILITIES**

*Guarantees*

On 1 October 2008, Healthlinks 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. No liability is expected to arise.

**NOTE 20 EVENTS AFTER THE BALANCE SHEET DATE**

No significant events have occurred subsequent to 30 June 2011.

**NOTE 21 AUDITOR REMUNERATION**

Remuneration to auditors		
Audit fees	50,648	50,171
Other assurance services	73,716	73,710
	124,364	123,881

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**NOTE 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

**Risk Exposures and Responses**

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

*(i) 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:*

	2011	2010
	\$	\$
<b>Financial Assets</b>		
Cash	9,074,189	4,523,751
Short-term deposits	10,745,343	15,197,156
Amounts receivable from controlled entities:		
Healthlinks.net Pty Ltd	2,450,000	2,100,000
Guild Group Holdings Limited	16,840,000	16,840,000
Amounts receivable from other entity:		
Australian College of Pharmacy Limited	-	-
	<u>39,109,532</u>	<u>38,660,907</u>

*At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the net surplus would have been affected as follows:*

Judgments of reasonably possible movements:	Net Surplus Higher / (Lower)	
	2011	2010
	\$	\$
- 1% (100 basis points)	324,634	227,685
+ 1% (100 basis points)	(324,634)	(227,685)

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

The assessment of reasonably possible movements in interest rates is based on expectations of movements in market interest rates.

*(ii) 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.

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NOTE 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) 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 invested in the Guild Australian Equities Fund which had a diversified portfolio investing in Australian shares with a focus on long-term capital growth with some income.

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

	2011	2010
	\$	\$
<b>Financial Assets</b>		
Investment in Guild Australian Equities Fund	-	2,562,001

At 30 June 2011, 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:	Equity Higher / (Lower)	
	2011	2010
	\$	\$
Equity prices + 5%	-	128,100
Equity prices - 5%	-	(128,100)

No sensitivity analysis exists at reporting date as the investment in the Guild Australian Equities Fund was sold in the 2011 financial year.

The movements in equity in the 2010 financial year are due to an increase in the fair value of available-for-sale financial assets.

The assessment of reasonable possible movements in equity prices is based on expectations of movements in the equity market.

(iv) 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 the financial assets. 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 notes receivable from Guild Group Holdings Ltd of \$16,840,000 (2010: \$16,840,000), 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 carrying amount of the Guild's financial assets best represents its maximum credit risk exposure. The Guild's maximum exposure to credit risk at the reporting date was:

		2011	2010
	Note	\$	\$
Cash and cash equivalents	6	19,819,532	20,622,888
Trade and other receivables (current)	8	7,985,100	10,844,711
Available-for-sale financial assets	10	-	2,562,001
Other financial assets	11	5,586,263	5,586,263
Receivables (non-current)	11	19,781,580	19,431,580
		<u>53,172,475</u>	<u>59,047,443</u>

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**NOTE 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**

*(v) Liquidity Risk*

Liquidity risk arises from the financial liabilities of the Guild and the Guild's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

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

The Guild has no borrowings.

The Guild manages its liquidity risk by monitoring the total cash inflows and outflows on a monthly basis.

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*

<b>Year ended 30 June 2011</b>	<b>&lt; 6 months</b>	<b>6 - 12 months</b>	<b>1 - 5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
<b>Financial Assets</b>					
Cash & cash equivalents	19,819,532	-	-	-	19,819,532
Trade & other receivables	7,985,100	-	-	19,781,580	27,766,680
Available for sale investments	-	-	-	-	-
	<u>27,804,632</u>	<u>-</u>	<u>-</u>	<u>19,781,580</u>	<u>47,586,212</u>
<b>Financial Liabilities</b>					
Trade & other payables	6,405,906	-	-	-	6,405,906
<b>Net</b>	<u>21,398,726</u>	<u>-</u>	<u>-</u>	<u>19,781,580</u>	<u>41,180,306</u>
<b>Year ended 30 June 2010</b>					
	<b>&lt; 6 months</b>	<b>6 - 12 months</b>	<b>1 - 5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
<b>Financial Assets</b>					
Cash & cash equivalents	20,622,888	-	-	-	20,622,888
Trade & other receivables	10,841,711	-	-	19,431,580	30,276,291
Available for sale investments	-	-	-	2,562,001	2,562,001
	<u>31,464,599</u>	<u>-</u>	<u>-</u>	<u>21,993,581</u>	<u>53,461,180</u>
<b>Financial Liabilities</b>					
Trade & other payables	11,846,426	-	-	-	11,846,426
<b>Net</b>	<u>19,621,173</u>	<u>-</u>	<u>-</u>	<u>21,993,581</u>	<u>41,614,754</u>

*(vi) Fair Value*

Various methods are used in estimating the fair value of a financial instrument. These methods comprise:

Level 1 - the fair value is calculated using quoted prices in active markets

Level 2 - the fair value is estimated using 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 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the Guild's financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

<b>Year ended 30 June 2011</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Available for sale investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Year ended 30 June 2010</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Available for sale investments	-	2,562,001	-	2,562,001
	<u>-</u>	<u>2,562,001</u>	<u>-</u>	<u>2,562,001</u>

For financial instruments not quoted in active markets, the Guild uses the withdrawal price for funds in the managed investment scheme. The withdrawal price for the funds is based on quoted market prices and valuation techniques.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, valuation techniques are used such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs

## 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 statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and 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 and the *Fair Work (Registered Organisations) Act 2009* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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.

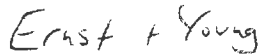
### Independence

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




## 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 2011, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*.



Ernst & Young



Ben Tansley  
Partner  
Registered Company Auditor  
Member of the Institute of Chartered Accountants in Australia  
Canberra

17 October 2011