



30 October 2013

Mr John Dowling  
National Vice President  
The Pharmacy Guild of Australia  
Level 2, 15 National Circuit  
Barton, ACT 2600  
via email: mark.hill@guild.org.au

Dear Mr Dowling,

**The Pharmacy Guild of Australia  
Financial Report for the year ended 30 June 2012 - [FR2012/278]**

I acknowledge receipt of the financial report of The Pharmacy Guild of Australia (the reporting unit). The documents were lodged with Fair Work Australia (now the Fair Work Commission) on 4 December 2012.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

This financial report was filed based on a preliminary review. Please note that the reporting unit financial report for the year ending 30 June 2013 may be subject to a full compliance audit.

**Changes to the legislation and reporting guidelines**

I note with the change of legislation, references to Fair Work Australia will need to be updated to the Fair Work Commission.

Additionally, a third edition to the General Manager's s.253 reporting guidelines was gazetted on 26 June 2013. These guidelines will apply to all financial reports that end on or after 30 June 2013. The Fair Work Commission has also developed a model set of financial statement for the 2012-2013 financial year. There is no requirement to use this model but it may be a useful resource to ensure compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 reporting guidelines and the Australian Accounting Standards.

The guidelines and model financial statements are available on the website here:  
<http://www.fwc.gov.au/index.cfm?pagename=regorgsfrguidelines#finance>

As stated previously, this financial report was filed based on a preliminary review. The financial report for the year ending 30 June 2013 may be subject to a full compliance audit.

If you have any queries regarding this letter, please contact me on (03) 8661 7893 or via email at [larry.powell@fwc.gov.au](mailto:larry.powell@fwc.gov.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L Powell'.

Larry Powell  
Regulatory Compliance Branch



**The Pharmacy  
Guild of Australia**

**CERTIFICATE OF VERIFICATION**

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

I, JOHN CHRISTOPHER DOWLING, 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 2012, 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 2 November 2012 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 26 November 2012, in accordance with s266 of the *Fair Work (Registered Organisations) Act 2009*.

DATED THIS FOURTH DAY OF DECEMBER 2012

**JOHN CHRISTOPHER DOWLING  
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)



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

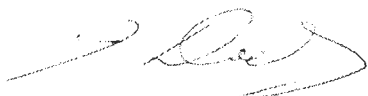
I, JOHN CHRISTOPHER DOWLING, being the designated officer responsible for preparing this report for the financial year ended 30 June 2012 of The Pharmacy Guild of Australia - National Secretariat, report as follows:

- (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 2012 to which this report relates the number of members of the organisation was 4,130 including Honorary Life Members.
  - (iii) As at 30 June 2012 the total number of employees employed by the reporting entity was 86.
  - (iv) During the reporting period the following persons were members of National Council:

S.B. Banks	N. Meta (resigned 22 November 2011)
T. Battalis (appointed 22 November 2011)	Z.L. Mullen
H.W.G. Cuthill (appointed 22 November 2011)	N. Panayiaris (appointed 22 November 2011)
J.C. Dowling	D.R. Sanghvi
J. Drewitt (resigned 22 November 2011)	K.S. Sclavos
M.P. Farrell (resigned 22 November 2011)	P.G. Sinclair
R.J.C. Foster (resigned 22 November 2011)	G. Tambassis (appointed 22 November 2011)
A. Galbraith	T. Twomey (appointed 22 November 2011)
T.J. Logan	T. Riley
P.S. McBeath	I.P. Todd
S.K. McGregor (resigned 22 November 2011)	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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JOHN CHRISTOPHER DOWLING  
17 October 2012

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

We, KOSMAS STAN SCLAVOS and JOHN CHRISTOPHER DOWLING, 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 16 October 2012 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 2012 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2012;
- (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 2012



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JOHN CHRISTOPHER DOWLING  
17 October 2012

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	NOTE	2012 \$	2011 \$
<b>Income</b>			
Revenue from rendering of services	4	16,040,548	15,085,689
Other revenue	4	5,987,276	11,257,700
Other income	4	14,300,176	16,300,748
		<u>36,328,000</u>	<u>42,644,137</u>
Remuneration and employee benefits expense	5	(11,057,839)	(10,586,343)
Depreciation	11	(699,082)	(452,938)
Other expenses	5	(23,680,003)	(24,521,198)
		<u>(35,436,924)</u>	<u>(35,560,279)</u>
<b>Net surplus</b>		<u>891,076</u>	<u>7,083,658</u>
<b>Other comprehensive income</b>			
Net gain on available-for-sale financial assets	14(d)	-	223,278
		<u>-</u>	<u>223,278</u>
<b>Total comprehensive income</b>		<u>891,076</u>	<u>7,306,936</u>
<b>Total comprehensive income attributable to the members of the Pharmacy Guild of Australia:</b>		<u>891,076</u>	<u>7,306,936</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 2012**

	NOTE	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and short-term deposits	6	22,786,788	19,819,532
Trade and other receivables	8	8,376,479	7,985,100
Other current assets	9	543,495	391,907
<b>Total current assets</b>		<u>31,706,762</u>	<u>28,196,539</u>
<b>Non-current assets</b>			
Other financial assets	10	5,586,263	5,586,263
Receivables	10	19,781,580	19,781,580
Property, plant and equipment	11	2,445,114	2,427,014
<b>Total non-current assets</b>		<u>27,812,957</u>	<u>27,794,857</u>
<b>TOTAL ASSETS</b>		<u>59,519,719</u>	<u>55,991,396</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	5,915,726	6,405,906
Government grants		10,876,517	7,826,936
Provisions	13	963,288	899,165
<b>Total current liabilities</b>		<u>17,755,531</u>	<u>15,132,007</u>
<b>Non-current liabilities</b>			
Provisions	13	174,053	160,330
<b>Total non-current liabilities</b>		<u>174,053</u>	<u>160,330</u>
<b>TOTAL LIABILITIES</b>		<u>17,929,584</u>	<u>15,292,337</u>
<b>NET ASSETS</b>		<u>41,590,135</u>	<u>40,699,059</u>
<b>MEMBERS FUNDS</b>			
Reserves	14(d)	3,773,991	3,357,506
Accumulated funds	14(e)	37,816,144	37,341,553
		<u>41,590,135</u>	<u>40,699,059</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 2012**

NOTE	Accumulated Funds \$	Available-for- sale Reserve \$	Quality Care Pharmacy Program Reserve \$	National Fighting Fund Reserve \$	Guild Members' Disaster Appeal Fund Reserve \$	Total Equity \$
<b>Balance as at 1 July 2010</b>	25,811,446	(223,278)	5,565,553	2,238,402	-	33,392,123
Net surplus for the period	7,083,658	-	-	-	-	7,083,658
Other comprehensive income	-	223,278	-	-	-	223,278
<b>Total comprehensive income</b>	<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>	14 <u>37,341,553</u>	<u>-</u>	<u>-</u>	<u>3,091,279</u>	<u>266,227</u>	<u>40,699,059</u>
Net surplus for the period	891,076	-	-	-	-	891,076
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	<u>891,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>891,076</u>
Transfers from accumulated funds to National Fighting Fund reserve	(682,712)	-	-	682,712	-	-
Transfers from Guild Members' Disaster Appeal Fund to accumulated funds	266,227	-	-	-	(266,227)	-
<b>Balance as at 30 June 2012</b>	14 <u>37,816,144</u>	<u>-</u>	<u>-</u>	<u>3,773,991</u>	<u>-</u>	<u>41,590,135</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 2012**

	NOTE	2012 \$	2011 \$
<b>Operating activities</b>			
Receipts from operations		24,383,946	23,425,122
Interest received		2,307,086	2,431,896
Dividends received		-	5,000,000
Distributions from managed funds		146,719	-
Government grants received		16,921,805	18,180,431
Payments to suppliers and employees		<u>(42,700,767)</u>	<u>(47,264,599)</u>
<b>Net cash flows from operating activities</b>	7	<u>1,058,789</u>	<u>1,772,850</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(853,279)	(1,409,010)
Proceeds from sale of property, plant and equipment		25,455	48,745
Proceeds from sale of available-for-sale financial assets		2,696,665	-
Funds held on trust		(331)	(1,897)
Loan repayment by Australian College of Pharmacy Limited		39,957	37,937
Loan to GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd)		<u>-</u>	<u>(350,000)</u>
<b>Net cash flows from/(used in) investing activities</b>		<u>1,908,467</u>	<u>(1,674,225)</u>
Net increase in cash and short-term deposits		2,967,256	98,625
Cash and cash equivalents at beginning of period		19,819,532	19,720,907
<b>Cash and cash equivalents at end of period</b>	7	<u><u>22,786,788</u></u>	<u><u>19,819,532</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 2012**

**NOTE 1 ORGANISATIONAL INFORMATION**

The financial statements of The Pharmacy Guild of Australia - National Secretariat (the Guild) for the year ended 30 June 2012 was authorised for issue in accordance with a resolution passed by the National Council on 16 October 2012.

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 10 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. 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*

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:

Reference	Title	Summary	Application date of standard*	Application date for Guild*
AASB 124 (Revised)	Related Party Disclosure	The revised AASB 124 Related Party Disclosures (December 2009) simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (i) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (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 (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.	1 January 2011	1 July 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	Makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.	1 January 2011	1 July 2011
AASB 2010-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.  Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.  Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.	1 January 2011	1 July 2011

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2012**

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

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

Reference	Title	Summary	Application date of standard*	Application date for Guild*
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	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 IFRS by the IASB.  These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	1 July 2011
AASB 1054	Australian Additional Disclosures	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRFB.  This standard, with AASB 2011-1 relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the entity is a for-profit or not-for-profit entity (d) Whether the financial statements are general purpose or special purpose (e) Audit fees (f) Imputation credits	1 July 2011	1 July 2011
AASB 1048	Interpretation of Standards	AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 2010 version of AASB 1048.	1 July 2011	1 July 2011

*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 2012. These are outlined below.

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2012
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	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 2012**

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

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

Reference	Title	Summary	Application date of standard <sup>a</sup>	Impact on Guild Financial report	Application date for Guild <sup>b</sup>
AASB 13	Fair Value Measurement	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>	1 January 2013	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2013
AASB 119	Employee Benefits	<p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p>	1 January 2013	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2013
AASB 1053	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 (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.</p> <p>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) (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 (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments.</p> <p>Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.</p>	1 July 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 2012**

**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 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: (a) repeat application of AASB 1 is permitted (AASB 1); and (b) clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	1 January 2013	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2013
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.  These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.  (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: (i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI) (ii) The remaining change is presented in profit or loss  If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.  Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2013	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2013

\* 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 2012**

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

**c) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Guild and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below 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*

For all instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or a shorter period, where appropriate, 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 or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

*Finance Leases*

Finance leases that 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 income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Guild will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

*Operating Leases*

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

**f) Cash and Short-Term Deposits**

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

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**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, or default payments 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**

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Repairs and maintenance are recognised in the income statement as incurred.

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

Plant and equipment - 3 to 10 years

Motor vehicles - 5 years

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

*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 the income statement when the asset is derecognised.

**j) Financial assets - initial recognition and subsequent measurement**

*Initial recognition and measurement*

Financial assets within the scope of AASB 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The Guild determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The Guild's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables.

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

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

***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as described below:

**(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. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement.

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

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement, or until the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement. Interest earned whilst holding available-for-sale financial investments is reported as income using the EIR method.

***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- i) The rights to receive cash flows from the asset have expired.
- ii) The Guild has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Guild has transferred substantially all the risks and rewards of the asset, or (b) the Guild has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

***Impairment of financial assets***

The Guild assesses, at each reporting date, whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**(i) *Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Guild first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Guild determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them 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 there is objective evidence that an impairment loss 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). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.



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

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Guild. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

*(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*

For available-for-sale financial investments, the Guild assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

***Fair value of financial instruments***

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- i) Using recent arm's length market transactions
- ii) Reference to the current fair value of another instrument that is substantially the same
- iii) A discounted cash flow analysis or other valuation models

**k) Impairment of non-financial assets**

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

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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**k) Impairment of non-financial assets (cont'd)**

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Guild estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**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**

*General*

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 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.

*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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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	2012	2011
	\$	\$

**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	5,556,121	5,043,983
Quality Care Pharmacy Program (QCPP) income		
Membership subscriptions	7,913,130	7,593,931
Assessment fees	1,550,339	2,209,507
Data reporting services	741,932	-
Sale of QCPP related items	25,270	6,884
Drug Utilisation Sub-Committee / Chemdata income	253,756	231,384
	<u>16,040,548</u>	<u>15,085,689</u>
<b>Other Revenue</b>		
Interest received		
Controlled entities	1,621,028	1,685,298
Other corporations	670,771	715,619
Commissions from controlled entity	896,725	1,162,195
Dividend income from controlled entities	-	5,000,000
Distribution income from managed funds	-	209,409
Licence fees received from controlled entity	160,000	-
Referral fees from controlled entity	2,568,002	2,444,322
Rent received from branches and other related parties	70,750	40,857
	<u>5,987,276</u>	<u>11,257,700</u>
<b>Other income</b>		
Grants received	13,593,617	15,290,840
Sponsorship income	181,682	80,455
Donations received for the Guild Members' Disaster Appeal Fund (to assist members that were severely affected by floods across eastern Australia)	45,000	460,056
Insurance recovery	-	30,078
Reversal of impairment losses	39,958	37,937
Other income	439,919	401,382
	<u>14,300,176</u>	<u>16,300,748</u>
	<u>36,328,000</u>	<u>42,644,137</u>

**NOTE 5 EXPENSES**

<b>Remuneration and employee benefits expense</b>		
Remuneration to elected officials	575,265	564,037
Remuneration to employees	8,385,133	8,066,838
Superannuation to elected officials	33,475	32,839
Superannuation to employees	979,714	952,551
Provision for annual leave - elected officials	26,894	35,155
Provision for annual leave - employees	124,928	98,754
Provision for long service leave - elected officials	18,534	14,669
Provision for long service leave - employees	174,789	124,820
Other on-costs (payroll tax and workers compensation expenses)	739,107	696,680
<b>Total remuneration and employee benefits expense</b>	<u>11,057,839</u>	<u>10,586,343</u>

Remuneration and employee benefits expense of \$2,061,222 (2011: \$2,844,268) was recovered from grants received during the year.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2012**

	2012	2011
	\$	\$
<b>NOTE 5 EXPENSES (cont'd)</b>		
<b>Other expenses</b>		
Administrative expenses	657,535	575,752
Affiliation fees	77,052	78,120
Auditor remuneration		
Audit fees	52,015	50,648
Other assurance services	51,706	73,716
Branch QCPP Management	1,699,718	1,868,911
Commissions to branches	-	297,147
Consultants expenses	428,250	452,660
Drug Utilisation Sub-Committee / Chemdata expenses	118,800	119,982
Donations	83,284	55,628
Donations paid from the Guild Members' Disaster Appeal Fund	311,227	200,000
Finance costs	-	-
Grants expenses	11,356,143	12,209,227
Grants and subsidies to branches	563,568	484,801
Legal expenses	510,223	499,503
Loss on disposal of available-for-sale financial assets	-	170,633
Loss on disposal of fixed assets	39,204	31,695
Meeting expenses and allowances		
National Council	454,569	287,084
Committee expenses	157,116	170,102
Other meeting expenses	25,852	47,472
QCPP assessment expenses	1,675,012	1,992,571
Rent paid (minimum lease payments - operating lease)	915,665	809,610
Special projects	294,943	309,271
Standards maintenance assessments	1,171,889	1,018,613
Standards materials expenses	119,626	346,491
Travel expenses (local and overseas)	518,410	405,920
Value of community pharmacy campaign	496,957	-
Other expenses	1,901,239	1,965,641
<b>Total other expenses</b>	<b>23,680,003</b>	<b>24,521,198</b>

**NOTE 6 CASH AND SHORT-TERM DEPOSITS**

<b>Guild cash</b>		
Cash at bank and on hand	3,027,783	4,515,033
Short-term deposits	13,102,483	10,745,343
	<u>16,130,266</u>	<u>15,260,376</u>
<b>Cash held in trust</b>		
Cash at bank held in trust (a)	6,656,522	4,559,156
	<u>6,656,522</u>	<u>4,559,156</u>
<b>Total cash</b>	<b>22,786,788</b>	<b>19,819,532</b>

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.

**(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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2012	2011
	\$	\$

**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	9,684,305	9,074,189
Short-term deposits available for use	13,102,483	10,745,343
	22,786,788	19,819,532

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

Operating surplus	891,076	7,083,658
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	699,082	452,938
Net loss on disposal of available-for-sale financial assets	-	170,633
Net loss on disposal of fixed assets	39,204	31,695
Transfers from property, plant and equipment	71,438	-
Reversal of impairment losses	(39,958)	(37,937)
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(3,878,365)	5,675,409
(Increase) in prepayments	(151,588)	(16,991)
Reinvestment in available-for-sale financial assets	-	(82,019)
(Decrease) in trade and other payables	(805,383)	(4,539,103)
Increase in provisions	77,846	75,359
Increase/(decrease) in income in advance	172,500	(4,227)
Increase in net GST payable	143,035	677,705
Increase/(decrease) in net government grants in advance/receivable	3,839,902	(7,714,270)
Net cash flows from operating activities	1,058,789	1,772,850

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

Trade and other receivables	6,631,844	5,841,058
Allowance for impairment loss	-	-
	6,631,844	5,841,058
Amounts receivable from related entities:		
Branch debtors	130,316	61,718
Gold Cross Products and Services Pty Limited	319,228	344,993
Guild Insurance Limited	1,105,191	924,552
Guild Group Holdings Limited	160,000	-
GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd)	23,300	22,458
Fred Health Pty Ltd	6,600	-
Government grants receivable	-	790,321
Carrying amount of trade and other receivables	8,376,479	7,985,100
Trade and other receivables includes the following amounts owing by a jointly controlled entity		
Australian Association of Consultant Pharmacy Pty Limited	2,874	2,238

**(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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	2012	2011
	\$	\$

**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	7,420,709	6,839,777
31-60 days	268,943	253,831
61-90 days	49,805	10,950
91+ days, past due not impaired	637,022	90,221
91+ days, considered impaired	-	-
Total	8,376,479	7,194,779

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	28,325	9,077
Victoria	52,948	3,847
Queensland	5,849	8,228
South Australia	8,152	10,485
Western Australia	13,959	10,321
Tasmania	2,602	10,799
Australian Capital Territory	8,279	5,318
Northern Territory	10,202	3,643
	130,316	61,718

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 2012, the Guild has not made any allowance for impairment losses relating to amounts owed by related parties as the payment history has been sound (2011: \$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 values**

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

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

Prepayments	543,495	391,907
	543,495	391,907

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS  
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	2012 \$	2011 \$
<b>NOTE 10 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 (2012: 100%, 2011: 100%)	2	2
GuildNET Pty Limited 18 ordinary shares (2012: 100%, 2011: 100%)	18	18
Guild Group Holdings Limited 3,585,434 ordinary shares at \$1 per share (2012: 100%, 2011: 100%)	3,585,434	3,585,434
20,000 ordinary shares at \$100 per share (2012: 100%, 2011: 100%)	2,000,000	2,000,000
Gold Cross Products and Services Pty Ltd 402 ordinary shares (2012: 100%, 2011: 100%)	804	804
National Pharmacy Television Pty Limited 1 ordinary share (2012: 100%, 2011: 100%)	1	1
Pharmacy Electronic Network Telecommunications And Logistics Pty Ltd 1 ordinary share (2012: 100%, 2011: 100%)	1	1
GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd) 1 ordinary share (2012: 100%, 2011: 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 (2012: 50%, 2011: 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
GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd)	2,450,000	2,450,000
	<u>2,861,580</u>	<u>2,861,580</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	82,327	122,284
	<u>(82,327)</u>	<u>(122,284)</u>
	-	-
Total receivables	<u>19,781,580</u>	<u>19,781,580</u>
<b>Total Other Financial Assets and Receivables</b>	<u>25,367,843</u>	<u>25,367,843</u>

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	2012	2011
	\$	\$

**NOTE 10 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 4.7% per annum (2011: 5.2% per annum).

*(iv) GuildLink Pty Ltd (formerly Healthlinks.net Pty Limited)*

The unsecured loan provided to GuildLink Pty Ltd forms part of a cash advance facility with a limit of \$2.75 million. GuildLink 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 7.87% as at reporting date (2011: 7.75%)

**(b) Allowance for Impairment Losses**

The Guild has provided for impairment losses amounting to \$82,327 in 2012 (2011: \$122,284) 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 obliger.

**(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.



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	2012	2011
	\$	\$
<b>NOTE 11 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	1,570,863	1,216,862
Additions	73,369	713,212
Transfers	490,798	54,910
Disposals	(714)	-
Depreciation	(666,397)	(414,121)
As at 30 June, net of accumulated depreciation and impairment	<u>1,467,919</u>	<u>1,570,863</u>
Cost	3,809,976	3,246,535
Accumulated depreciation and impairment	(2,342,057)	(1,675,672)
Net carrying amount	<u>1,467,919</u>	<u>1,570,863</u>
<b>Motor vehicles - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	133,720	123,203
Additions	81,413	90,552
Disposals	(63,945)	(41,218)
Depreciation	(32,685)	(38,817)
As at 30 June, net of accumulated depreciation and impairment	<u>118,503</u>	<u>133,720</u>
Cost	159,411	222,026
Accumulated depreciation and impairment	(40,908)	(88,306)
Net carrying amount	<u>118,503</u>	<u>133,720</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	605,246	94,132
Additions	698,497	605,246
Transfers	(562,236)	(54,910)
Disposals	-	(39,222)
As at 30 June	<u>741,507</u>	<u>605,246</u>
Net carrying amount at beginning and end	<u>741,507</u>	<u>605,246</u>
<b>Total Property, Plant and Equipment - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	2,427,014	1,551,382
Additions	853,279	1,409,010
Transfers	(71,438)	-
Disposals	(64,659)	(80,440)
Depreciation	(699,082)	(452,938)
As at 30 June, net of accumulated depreciation and impairment	<u>2,445,114</u>	<u>2,427,014</u>
Cost	4,828,079	4,190,992
Accumulated depreciation and impairment	(2,382,965)	(1,763,978)
Net carrying amount	<u>2,445,114</u>	<u>2,427,014</u>

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	2012	2011
	\$	\$
<b>NOTE 12 TRADE AND OTHER PAYABLES (CURRENT)</b>		
Trade and other payables	2,677,093	2,443,593
Accrued expenses	681,214	1,599,428
Amounts payable to related entities		
Branch creditors	1,157,843	1,344,863
Gold Cross Products and Services Pty Limited	2,971	659
Guild Accountants Pty Limited	-	6,050
Guild Insurance Limited	-	31,533
Fred Health Pty Limited	4,290	-
GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd)	143,785	105,632
InnovationRX Pty Limited	-	63,389
Meridian Lawyers Limited	22,320	14,621
Net GST payable	149,723	6,688
Income in advance	172,500	-
Annual leave	899,583	784,715
Amounts held on trust		
MPA	4,404	4,735
	<u>5,915,726</u>	<u>6,405,906</u>
Payables include the following:		
Legal fees payable	30,666	35,391
	<u>30,666</u>	<u>35,391</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	277,912	358,457
Victoria	210,976	213,588
Queensland	229,209	303,582
South Australia	74,161	57,170
Western Australia	80,863	69,486
Tasmania	100,075	90,410
Australian Capital Territory	20,135	84,058
Northern Territory	164,512	168,112
	<u>1,157,843</u>	<u>1,344,863</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.

**NOTE 13 PROVISIONS**

Long service leave		
Current	963,288	899,165
Non current	174,053	160,330
	<u>1,137,341</u>	<u>1,059,495</u>
Provisions (non-current) include the following		
Employee entitlements in respect of holders of offices	64,989	46,455

**(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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		2012	2011
		\$	\$
<b>NOTE 14 RESERVES AND ACCUMULATED FUNDS</b>			
(a)	<b>Quality Care Pharmacy Program reserve</b>		
	Balance at the beginning of year	-	5,565,553
	Transfer to accumulated funds	-	(5,565,553)
	Balance at the end of year	<u>-</u>	<u>-</u>
(b)	<b>National Fighting Fund reserve</b>		
	Balance at the beginning of year	3,091,279	2,238,402
	Transfer from accumulated funds	682,712	852,877
	Balance at the end of year	<u>3,773,991</u>	<u>3,091,279</u>
(c)	<b>Guild Members' Disaster Appeal Fund reserve</b>		
	Balance at the beginning of year	266,227	-
	Transfer from/(to) accumulated funds	(266,227)	266,227
	Balance at the end of year	<u>-</u>	<u>266,227</u>
(d)	<b>Available-for-sale reserve</b>		
	Balance at the beginning of year	-	(223,278)
	Net gains on available-for-sale financial assets	-	223,278
	Balance at the end of year	<u>-</u>	<u>-</u>
	<b>Total Reserves</b>	<u>3,773,991</u>	<u>3,357,506</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 2012 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 were distributed to member applicants that satisfied the criteria established by the Guild's Corporate Services Committee.		
(d)	<b>Available-for-sale reserve</b>		
	This reserve records fair value changes on available-for-sale financial assets.		
(e)	<b>Accumulated Funds</b>		
	Balance at the beginning of the year	37,341,553	25,811,446
	Net surplus attributable to the Guild	891,076	7,083,658
	Transfer from the Quality Care Pharmacy Program reserve	-	5,565,553
	Transfer (to) the Fighting Fund reserve	(682,712)	(852,877)
	Transfer from/(to) the Guild Members' Disaster Appeal Fund reserve	266,227	(266,227)
	Balance at the end of the year	<u>37,816,144</u>	<u>37,341,553</u>

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	2012	2011
	\$	\$

**NOTE 15 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	783,857	755,536
After one year but not more than five years	3,135,429	3,022,142
After more than five years	1,959,643	2,644,375
	5,878,929	6,422,053

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

The Guild is committed to the payment of \$72,084 to GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd) at reporting date for the development of a database (2011: \$293,381). The commitment is expected to be settled within 12 months from reporting date.

**NOTE 16 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	1,764,446	1,631,096
	Victoria	1,246,091	1,146,157
	Queensland	1,154,377	1,020,419
	South Australia	418,597	389,641
	Western Australia	653,590	574,737
	Tasmania	167,241	145,100
	Australian Capital Territory	82,767	71,361
	Northern Territory	36,830	33,290
		5,523,939	5,011,801
b)	During the year the National Secretariat received Guild Digest income from the Branches:		
	New South Wales	37,800	35,533
	Victoria	28,686	27,018
	Queensland	29,190	26,182
	South Australia	10,049	9,250
	Western Australia	15,372	13,914
	Tasmania	4,010	3,496
	Australian Capital Territory	1,806	1,558
	Northern Territory	1,008	874
		127,921	117,825
c)	Rent charged to Branches during the year:		
	Tasmania	70,750	40,857

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	2012 \$	2011 \$
<b>NOTE 16 RELATED PARTY DISCLOSURES (cont'd)</b>		
d) Continuing professional development accreditation income was received from the following Branches:		
New South Wales	2,400	-
Victoria	450	-
Queensland	2,000	-
South Australia	950	-
Western Australia	750	-
Tasmania	300	-
Northern Territory	150	-
	<u>7,000</u>	<u>-</u>
e) Interest income was received from the following controlled entities:		
Guild Group Holdings Limited	1,414,623	1,480,406
GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd)	180,461	178,948
Gold Cross Products and Services Pty Ltd	25,944	25,944
	<u>1,621,028</u>	<u>1,685,298</u>
f) National Secretariat received referral fee income from Guild Insurance Limited, a subsidiary of Guild Group Holdings Limited.	<u>2,568,002</u>	<u>2,444,322</u>
g) During the year the National Secretariat received commission income from Gold Cross Products and Services Pty Limited.	<u>896,725</u>	<u>1,162,195</u>
h) Licence fee income received from Guild Group Holdings Limited.	<u>160,000</u>	<u>-</u>
i) Dividend income received from Guild Group Holdings Limited.	<u>-</u>	<u>5,000,000</u>
j) During the year the National Secretariat received advertising income from:		
Guild Group Holdings Limited	-	15,000
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	7,500	-
	<u>7,500</u>	<u>15,000</u>
k) During the year the National Secretariat received sponsorship income from:		
Guild Group Holdings Ltd	9,091	-
Gold Cross Products and Services Pty Ltd	39,091	30,000
	<u>48,182</u>	<u>30,000</u>
l) Consulting income was received from GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd)	<u>7,500</u>	<u>-</u>
m) During the year the following controlled entities contributed a donation towards the Guild Members' Disaster Appeal Fund:		
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	-	200,000
Gold Cross Products and Services Pty Limited	15,000	-
GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd)	10,000	-
	<u>25,000</u>	<u>200,000</u>
n) During the year Fred Health Pty Ltd, an associate of the Victorian Branch, contributed a donation to the Guild Members' Disaster Appeal Fund	<u>10,000</u>	<u>-</u>
o) National Secretariat paid commissions to the Branches on Gold Cross Products and Services Pty Ltd income:		
New South Wales	-	(32,823)
Victoria	-	(97,539)
Queensland	-	(83,308)
South Australia	-	(25,511)
Western Australia	-	(39,899)
Tasmania	-	(15,583)
Australian Capital Territory	-	(1,141)
Northern Territory	-	(1,343)
	<u>-</u>	<u>(297,147)</u>

For the year ended 30 June 2012, Gold Cross Products and Services Pty Ltd paid commissions directly to the Branches.

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		2012	2011
		\$	\$
<b>NOTE 16 RELATED PARTY DISCLOSURES (cont'd)</b>			
p)	The National Secretariat has given subsidies to the following Branches to part fund their operations		
	Tasmania	(167,462)	(60,031)
	Australian Capital Territory	(187,500)	(207,000)
	Northern Territory	(208,606)	(217,770)
		<u>(563,568)</u>	<u>(484,801)</u>
q)	During the year the National Secretariat provided subsidies to the following branches for QCPP Management and Standards Maintenance Assessment:		
	New South Wales	(558,330)	(592,800)
	Victoria	(524,330)	(561,650)
	Queensland	(412,270)	(454,150)
	South Australia	(217,867)	(227,500)
	Western Australia	(243,028)	(247,900)
	Tasmania	(153,630)	(152,050)
	Australian Capital Territory	(80,250)	(88,000)
	Northern Territory	(72,600)	(70,550)
		<u>(2,262,305)</u>	<u>(2,394,600)</u>
r)	During the year the National Secretariat paid the NSW Branch for Cold Chain expenses	<u>(197,000)</u>	<u>(306,600)</u>
s)	During the year the National Secretariat provided sponsorship to the following branches:		
	Queensland	(909)	(13,000)
	Tasmania	(455)	-
	Australian Capital Territory	(500)	-
		<u>(1,864)</u>	<u>(13,000)</u>
t)	Funds were provided to the following Branches to undertake campaigns during the year:		
	New South Wales	(150,000)	-
	Victoria	(107,400)	-
	Queensland	(101,400)	-
	South Australia	(37,350)	-
	Western Australia	(51,900)	-
		<u>(448,050)</u>	<u>-</u>
u)	During the year the National Secretariat paid DUSC expenses to Fred Health Pty Ltd, an associate of the Victorian Branch	<u>(46,800)</u>	<u>(44,327)</u>
v)	Rent paid to National Pharmacy Building Pty Ltd, a subsidiary of Guild Group Holdings Limited	<u>-</u>	<u>(643,042)</u>
w)	During the year the National Secretariat paid legal fees to Meridian Lawyers Limited, a subsidiary of Guild Group Holdings Limited	<u>(141,945)</u>	<u>(213,643)</u>
x)	During the year the National Secretariat paid InnovationRX Pty Ltd, a subsidiary of the Queensland Branch, for National Database licence fees	<u>(94,396)</u>	<u>(73,085)</u>
y)	During the year the National Secretariat paid fees to Guild Accountants Pty Ltd, a subsidiary of Guild Group Holdings Ltd	<u>(540)</u>	<u>(5,721)</u>
z)	Fees paid to GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd) for projects conducted during the year	<u>(76,656)</u>	<u>-</u>
aa)	National Secretariat paid amounts to InnovationRX Pty Ltd, a subsidiary of the Queensland Branch, for capital works	<u>-</u>	<u>(142,876)</u>
ab)	During the year the National Secretariat paid amounts to GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd) for capital works	<u>(511,218)</u>	<u>(155,619)</u>

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	2012	2011
	\$	\$

**NOTE 17 KEY MANAGEMENT PERSONNEL**

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

*(i) National Council*

S.B. Banks  
T. Battalis (appointed 22 November 2011)  
H.W.G. Cuthill (appointed 22 November 2011)  
J.C. Dowling  
J. Drewitt (resigned 22 November 2011)  
M.P. Farrell (resigned 22 November 2011)  
R.J.C. Foster (resigned 22 November 2011)  
A. Galbraith  
T.J. Logan  
P.S. McBeath  
S.K. McGregor (resigned 22 November 2011)  
N. Meta (resigned 22 November 2011)  
Z.L. Mullen  
N. Panayiaris (appointed 22 November 2011)  
D.R. Sanghvi  
K.S. Sclavos  
P.G. Sinclair  
G. Tambassis (appointed 22 November 2011)  
T. Twomey (appointed 22 November 2011)  
T. Riley  
I.P. Todd  
H.D. Zafer

*(ii) Compensation of National Councillors and other key management personnel*

Short-term employee benefits	2,509,141	2,301,422
Post employment benefits	407,449	437,496
Other long-term benefits	73,042	37,191
Termination benefits	12,954	147,684
	3,002,586	2,923,793

**NOTE 18 CONTINGENT LIABILITIES**

*Guarantees*

On 1 October 2008, GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd) 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 19 EVENTS AFTER THE BALANCE SHEET DATE**

On 4 September 2012, the directors of Guild Group Holdings Limited declared a dividend on ordinary shares in respect of the 2012 financial year. The total amount of the dividend payable to the Guild is \$4,340,000.

**NOTE 20 AUDITOR REMUNERATION**

Remuneration to auditors		
Audit fees	52,015	50,648
Other assurance services	51,706	73,716
	103,721	124,364

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**NOTE 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Guild's principal financial instruments comprise cash, short-term deposits, receivables 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*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Guild's exposure to the risk of changes in 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:*

	2012	2011
	\$	\$
<b>Financial Assets</b>		
Cash	9,684,305	9,074,189
Short-term deposits	13,102,483	10,745,343
Amounts receivable from controlled entities:		
GuildLink Pty Ltd (formerly Healthlinks.net Pty Ltd)	2,450,000	2,450,000
Guild Group Holdings Limited	16,840,000	16,840,000
Amounts receivable from other entity:		
Australian College of Pharmacy Limited	-	-
	<u>42,076,788</u>	<u>39,109,532</u>

*At 30 June 2012, 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:*

	Net Surplus	
	Higher / (Lower)	
	2012	2011
	\$	\$
Judgments of reasonably possible movements:		
+ 1% (100 basis points)	331,328	324,634
- 1% (100 basis points)	(331,328)	(324,634)

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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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2012**

**NOTE 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**

*(iii) Equity Price Risk*

The Guild's exposure to equity price risk is minimal as it does not hold investments subject to equity price movements.

The Guild disposed of its investment in the Guild Australian Equities Fund, which had a diversified portfolio investing in Australian shares, in the 2011 financial year.

*(iv) Credit Risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Guild is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

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.

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 (2011: \$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:

	Note	2012 \$	2011 \$
Cash and short-term deposits	6	22,786,788	19,819,532
Trade and other receivables (current)	8	8,376,479	7,985,100
Other financial assets	10	5,586,263	5,586,263
Receivables (non-current)	10	19,781,580	19,781,580
		<u>56,531,110</u>	<u>53,172,475</u>

*(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.

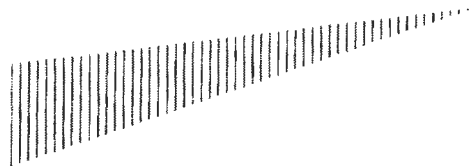
The Guild has no borrowings.

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.*

Year ended 30 June 2012	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
<b>Financial Assets</b>					
Cash & short-term deposits	22,786,788	-	-	-	22,786,788
Trade & other receivables	8,376,479	-	-	19,781,580	28,158,059
	<u>31,163,267</u>	-	-	<u>19,781,580</u>	<u>50,944,847</u>
<b>Financial Liabilities</b>					
Trade & other payables	5,915,726	-	-	-	5,915,726
<b>Net</b>	<u>25,247,541</u>	-	-	<u>19,781,580</u>	<u>45,029,121</u>
<b>Year ended 30 June 2011</b>					
<b>Financial Assets</b>					
Cash & short-term deposits	19,819,532	-	-	-	19,819,532
Trade & other receivables	7,985,100	-	-	19,781,580	27,766,680
	<u>27,804,632</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>19,781,580</u>	<u>41,180,306</u>



## **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 2012, 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 National Councillors 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.

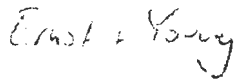
### **Independence**

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

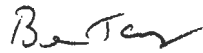


### Opinion

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 2012, 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 2012