



Australian Government
Australian Industrial Registry

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

Mr William Scott
Branch President
The Pharmacy Guild of Australia
Victorian Branch
40 Burwood Road
HAWTHORN VIC 3122

Dear Mr Scott,

Re: **The Pharmacy Guild of Australia - Victorian Branch**

Financial reports for year ended 30 June 2004
Schedule 1B of the *Workplace Relations Act 1996* (the RAO Schedule)
FR2004/301

I acknowledge receipt of the financial reports of the Victorian Branch of The Pharmacy Guild of Australia for the year ended 30 June 2004. The documents were lodged in the Industrial Registry on 15 December 2004.

On 8 May 2003 the Industrial Registrar wrote to all organisations, and branches of organisations, and provided a number of fact sheets covering various aspects of the RAO Schedule. The letter and fact sheets indicated there would be substantial changes to financial reporting requirements and that the RAO Schedule would apply to a financial year that commences on or after the commencement of the reporting guidelines.¹

The Industrial Registrar then wrote to all organisations on 7 July 2003 advising that he had issued reporting guidelines to apply to each financial year that starts on or after 1 July 2003.

Following the financial year ending 30 June 2004, Deputy Industrial Registrar Nassios wrote to Mr Sheehan, Branch Director, on 10 August 2004, outlining what the branch must do to meet its financial reporting obligations under the RAO Schedule (a copy of this letter is attached).

An examination of the reports lodged reveal they have been prepared under the former provisions of the *Workplace Relations Act 1996*. The Industrial Registry cannot accept financial reports which have been lodged without any regard to the RAO Schedule.

Your branch is now requested to prepare, audit, supply to members, present to a meeting and lodge in the Industrial Registry financial reports in accordance with the RAO Schedule.

¹ Fact Sheet No. 06/2003 7 May 2003, Australian Industrial Registry, *Accounting, Auditing and Reporting Obligations*.

For assistance, you may wish to liaise with other Branches of the PGA (SA, QLD, WA & ACT) who have recently lodged financial reports with the Industrial Registry under the RAO Schedule. These financial reports can also be viewed from our website².

Should you wish to discuss this letter or if you require any assistance, please contact me on (03) 8661 7811 or email: robert.pfeiffer@air.gov.au.

Yours sincerely,

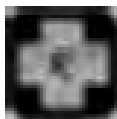
A handwritten signature in black ink, appearing to read 'R. Pfeiffer', written in a cursive style.

Robert Pfeiffer
Assistant Team Manager
Statutory Services Branch (Melbourne)

23 March 2005

cc Mr M Sheehan
Branch Director

² www.airc.gov.au (Organisations - Electronic Organisations Files - 175v - select branch - financial reports)



FR2004/305

The PHARMACY GUILD of AUSTRALIA
VICTORIAN BRANCH
ABN 35 603 508 734

7 December 2004

Ms Margaret Williams
Australian Industrial Registry
Level 35, Nauru House
80 Collins Street
MELBOURNE Vic 3000

Dear Ms Williams

Please find attached a copy of the Annual Report for The Pharmacy Guild of Australia Victorian Branch for the year ended 30 June 2004. The AGM was scheduled to occur on 28 September 2004. However, as a quorum was not present, this meeting, in accordance with our Constitution, was reconvened and held on 29 September 2004.

I trust that this meets the requirements under the Workplace Relations Act 96 and, should you have any questions relating to the Report, please contact me.

This Branch continues to operate under strict financial requirements, and I believe the signed independent audit report reflects the satisfactory performance of the Branch over the past 12 months.

Yours sincerely

Maurice V Sheehan
DIRECTOR

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THE PHARMACY GUILD OF AUSTRALIA
VICTORIAN BRANCH

I, William J. Scott, Branch President of the Victorian Branch of
The Pharmacy Guild of Australia, certify that:

1. The auditor's report, the accounts and statements, and the certificates of the accounting officer and of the Branch Committee in respect to the financial year commencing 1 July, 2003 and ending 30 June, 2004 were made available to members free of charge on Tuesday, 14 September 2004.
2. The enclosed documents are copies of the auditor's report, the accounts and statements, the certificates of the accounting officer and of the Branch Committee, prepared for the Branch in accordance with the Act in respect to the year ending 30 June 2004 and are as presented to the Annual General Meeting of The Pharmacy Guild of Australia Victorian Branch on 29 September 2004.

William J. Scott

President

The Pharmacy Guild of Australia

Victorian Branch

7-12-04.

Date

***FINANCIAL
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FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE YEAR ENDED 30 JUNE 2004

	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
	\$	\$	\$	\$
REVENUE FROM ORDINARY ACTIVITIES				
Revenue from operating activities				
Member Contributions and Entrance Fees	1,710,749	1,721,836	1,710,749	1,721,836
Commissions	1,944,604	1,729,180	523,936	495,551
Consultancy	115,357	125,398	115,357	125,398
Member Services	803,259	901,299	375,405	530,067
Other Income	89,468	9,864	89,468	9,864
Training Income	778,882	529,022	778,882	529,022
Total revenues from operating activities	<u>5,442,319</u>	<u>5,016,599</u>	<u>3,593,797</u>	<u>3,411,738</u>
Revenue from non-operating activities				
Interest	200,723	167,015	123,295	115,367
Dividend Income	11,185	10,016	11,185	10,016
Rental Income	266,719	257,799	266,719	257,799
Unit Trust Rental Income	236,612	238,683	236,612	238,683
The Guild (Victoria) Computer Unit Trust	-	-	-	973,675
Management Fees	7,500	7,000	43,380	41,167
Total revenues from outside the operating activities	<u>722,739</u>	<u>680,513</u>	<u>681,191</u>	<u>1,636,707</u>
TOTAL REVENUE FROM ORDINARY ACTIVITIES	<u>6,165,058</u>	<u>5,697,112</u>	<u>4,274,988</u>	<u>5,048,445</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Audit and Accounting Fees	35,229	33,910	22,779	24,310
Committee Expenses	66,050	90,220	66,050	89,520
Depreciation	146,601	129,513	101,728	68,398
Director's Fees	47,250	45,000	-	-
Fringe Benefits Tax	43,323	43,377	33,233	32,715
Interest Expense	445,414	137,622	80,169	137,622
Legal Expenses	64,291	12,539	12,289	4,911
Management Fees	47,250	45,001	-	-
Meeting Expenses	258	944	258	944
Member Service	231,446	243,918	222,763	237,274
Membership Contributions to National Council	1,074,405	1,052,957	1,074,405	1,052,957
Novated Lease Costs	16,698	-	16,698	5,607
Payment to Branches	1,897	4,036	1,897	4,036
Provision for Accrued Annual Leave	43,720	-20,587	41,189	5,004
Provision for Long Service Leave	30,513	30,802	23,038	26,408
Public Relations and Consultancy	211,774	232,522	154,118	160,763
Salaries and Allowances - Elected Officials	80,000	43,000	80,000	43,000
Salaries and Allowances - Staff	1,132,427	1,078,645	938,319	836,218
Staff Training and Training Expenses	372,521	259,385	369,561	259,385
Superannuation	260,768	280,038	232,988	214,196
Travelling Expenses	79,711	54,711	69,828	43,362
Other Administrative Expenses (Note 3)	458,554	413,113	379,397	336,797
Printing and Despatch	162,944	171,731	134,151	153,159
Rent	236,012	238,683	236,012	238,683
TOTAL EXPENSES FROM ORDINARY ACTIVITIES	<u>5,289,056</u>	<u>4,621,080</u>	<u>4,290,870</u>	<u>3,975,269</u>
Surplus (Deficit) from Operations	876,002	1,076,032	-15,882	1,073,176
Surplus/(Deficit) from Sale of Assets	-	-3,144	-	-288
Net Fighting Fund Income (Note 4)	<u>11,156</u>	<u>14,195</u>	<u>11,156</u>	<u>14,195</u>
SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	<u>887,158</u>	<u>1,087,083</u>	<u>-4,726</u>	<u>1,087,083</u>
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES (Note 6)	<u>-1,547,689</u>	<u>-</u>	<u>-</u>	<u>-</u>
SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE (Note 5e)	<u>-660,531</u>	<u>1,087,083</u>	<u>-4,726</u>	<u>1,087,083</u>
NET SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE PHARMACY GUILD OF AUSTRALIA, VICTORIAN BRANCH	<u>-660,531</u>	<u>1,087,083</u>	<u>-4,726</u>	<u>1,087,083</u>

Notes to and forming part of the accounts are included on pages 27 - 38

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004**

	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
	\$	\$	\$	\$
CURRENT ASSETS				
Cash Assets	488,389	841,460	434,417	737,420
Receivables (Note 7)	965,566	653,654	516,934	1,237,471
Other financial assets (Note 8)	1,666,485	1,015,317	492,658	224,437
Inventories (Note 9)	2,786	4,036	2,786	4,036
Other (Note 10)	582,698	269,156	432,646	250,733
TOTAL CURRENT ASSETS	<u>3,705,924</u>	<u>2,783,623</u>	<u>1,879,441</u>	<u>2,454,097</u>
NON-CURRENT ASSETS				
Other financial assets (Note 11)	4,532,034	4,532,034	4,707,054	4,707,054
Property, plant and equipment (Note 12)	419,816	463,128	355,426	357,318
TOTAL NON-CURRENT ASSETS	<u>4,951,850</u>	<u>4,995,162</u>	<u>5,062,480</u>	<u>5,064,372</u>
TOTAL ASSETS	<u>8,657,774</u>	<u>7,778,785</u>	<u>6,941,921</u>	<u>7,518,469</u>
CURRENT LIABILITIES				
Payables (Note 13)	2,479,172	1,705,898	1,703,341	1,483,713
Provisions (Note 14)	1,807,072	201,534	217,967	169,152
TOTAL CURRENT LIABILITIES	<u>4,286,244</u>	<u>1,907,432</u>	<u>1,921,308</u>	<u>1,652,865</u>
NON-CURRENT LIABILITIES				
Interest bearing Liability (Note 15)	293,193	1,078,170	293,193	1,078,170
Provisions (Note 16)	82,238	65,853	75,516	60,104
TOTAL NON-CURRENT LIABILITIES	<u>375,431</u>	<u>1,144,023</u>	<u>368,709</u>	<u>1,138,274</u>
TOTAL LIABILITIES	<u>4,661,675</u>	<u>3,051,455</u>	<u>2,290,017</u>	<u>2,791,139</u>
NET ASSETS	<u>3,996,099</u>	<u>4,727,330</u>	<u>4,651,904</u>	<u>4,727,330</u>
EQUITY				
Accumulated Funds (Note 5e)	3,372,452	4,044,139	4,028,257	4,044,139
Reserves (Note 5d)	623,647	683,191	623,647	683,191
TOTAL EQUITY	<u>3,996,099</u>	<u>4,727,330</u>	<u>4,651,904</u>	<u>4,727,330</u>

Notes to and forming part of the accounts are included on pages 27 - 38



FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

Cash Flows from Operating Activities	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
	\$	\$	\$	\$
	inflows/ (Outflows)	inflows/ (Outflows)	inflows/ (Outflows)	inflows/ (Outflows)
Receipts from Member Contributions, Commission and Member Services	11,404,362	10,355,017	6,402,073	5,917,077
Interest Income Received	200,723	167,015	123,295	115,367
Dividends Received	11,185	10,016	11,185	10,016
Fighting Fund Income	11,156	14,195	11,156	14,195
Interest paid (borrowing costs)	-80,169	-125,822	-80,169	-125,822
Payments to Suppliers and Employees	<u>-10,280,727</u>	<u>-9,993,409</u>	<u>-5,537,341</u>	<u>-5,724,721</u>
Net Cash flows from Operating Activities (Note 17b)	<u>1,266,530</u>	<u>427,012</u>	<u>930,199</u>	<u>206,112</u>
Cash Flows from Investing and Financing Activities				
Payment for Property, Plant and Equipment	-103,289	-290,698	-99,837	-259,794
Proceeds from Sale of Investments	—	1,067,071	—	1,040,000
Payments to Bank Loan	-865,144	-838,883	-865,144	-838,883
Payments for Purchase of Investments	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Cash flows Used in Investing and Financing Activities	<u>-968,433</u>	<u>-62,510</u>	<u>-964,981</u>	<u>-58,677</u>
Net Increase in Cash Held	298,097	364,502	-34,782	147,435
Add opening cash brought forward	<u>1,856,777</u>	<u>1,492,275</u>	<u>961,857</u>	<u>814,422</u>
Closing Cash Carried Forward (Note 17a)	<u>2,154,874</u>	<u>1,856,777</u>	<u>927,075</u>	<u>961,857</u>

Notes to and forming part of the accounts are included on pages 27 - 38

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views and comply with the Workplace Relations Act 1996.

(b) Changes in accounting policies and comparatives

The accounting policies are consistent with those of the previous year, except for the accounting policies with respect to the provision of employee benefits. Where necessary comparatives have been reclassified and repositioned for consistency with current year disclosure as a result of the revision of accounting standards. In 2003 consultancy and other income have been reclassified from non operating activities to operating activities.

(c) Principles of Consolidation

The consolidated accounts have been prepared by combining the Branch financial statements with the only controlled entity - Pharmacy Computers Australia Pty Ltd, as Trustee for The Guild (Victoria) Computer Unit Trust - as defined in AAS 24.

Consistent accounting policies have been employed in the preparation and presentation of the consolidated accounts.

The financial statements of the subsidiary is prepared for the same reporting period as the parent entity, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

(d) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at the lower of cost and net realisable value. For the purposes of the statement of cash flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 30 days.

(e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due.

(f) Investments

Investments are shown at the lower of cost and recoverable value or Branch Committee valuation.

(g) Plant & Equipment

All plant and equipment are measured at cost.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset during the expected useful life.

Major depreciation periods are:

	2004	2003
Plant and Equipment:	5 to 15 years	5 to 15 years
Motor Vehicles:	6 years	6 years

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.

(i) Leases

Operating lease payments are charged as an expense in the period in which they are incurred.



FINANCIAL STATEMENTS

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Taxes

(1) Income Tax

The Pharmacy Guild of Australia is exempt from income tax under Section 50-15 of the Income Assessment Act.

(2) Goods and services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

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.

receivables and payables are stated with the amount of GST included.

The amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and 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.

(k) Recoverable Amount of Non Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non current assets exceeds recoverable amount. Recoverable amount is determined as the discounted present value of the amount expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the non-current asset.

(l) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest when charged by the lender, is recognised as an expense on the accrual basis.

(m) Loans and Borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

(n) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and capable of being measured reliably.

Provision made in respect of wages and salaries, annual and long service leave expected to be settled within 12 months is measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

Provision made in respect of long service leave which is not expected to be settled within 12 months is measured at the present value of the estimated future cash flows to be made by the Branch in respect of services provided by employees up to the reporting date.

Employee benefit expenses and revenues arising in respect to the following categories:

wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and other types of employee benefits

are recognised against profits on a net basis in their respective categories.

(o) Revenue Recognition

Direct costs for commissions, member services, installations and software support charges are offset against revenue for commissions and member services income. This reduces the revenue compared with cash receipts and cash payments. Service revenue including membership fees, training income, consultancy, interest and dividends from financial instruments are recognised as income when control of the right to receive existed.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Adoption of Australian Equivalent to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. The Branch Committee is of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS are:

Research and Development Expenditure

Pending standard AASB 138 Intangible Assets further requires that costs associated with research be expensed in the period in which they are incurred. In terms of current policy, research costs are capitalised to the statement of financial position where it is expended beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

Impairment of Assets

The entity currently determines the recoverability amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136 Impairment of Assets, the recoverable amount of an asset will be determined as the higher of the fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more than under the existing policy.

Note 2 - INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act (1996), the attention of members is drawn to the provisions of sub sections (1) to (4) of Section 274, which read as follows:

- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under sub section (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under sub-section (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.
- (4) Accounts prepared under Section 273 shall include a notice drawing attention to sub-sections (1), (2) and (3) and setting out those sub-sections."

Note 3 - OTHER ADMINISTRATIVE EXPENSES

Other administrative expenses represent items of expenditure which are individually immaterial and include as major items, Bank Fees, Clearing House, Insurance, Power and Light, Repairs, Maintenance and Telephone.

Note 4 - FIGHTING FUND

A Special meeting on 7 September 1989 adopted a resolution to establish a Victorian Fighting Fund. The Funds donated by Members and other interested parties have been used to organise electoral campaigns and support National endeavours, both legal and political, against Government changes to the Pharmaceutical Benefits Scheme. The surplus of these funds as at 30 June 2004 are held in a reserve pending future costs relating to this cause. All funds are invested and interest on the funds transferred to the reserve.

	2004	2003
FIGHTING FUND RESERVE	\$	\$
Opening Balance 1 July 2003	290,300	318,674
Add: Interest transferred from Accumulated Funds	11,156	14,195
Less: Movements from Reserve	-70,701	-42,569
Closing Balance as at 30 June 2004	230,755	290,300



FINANCIAL STATEMENTS

Note 5 - RESERVES AND ACCUMULATED FUNDS

		CONSOLIDATED			BRANCH
	2004	2003	2004	2003	
	\$	\$	\$	\$	
Building Reserve	(Note 5d) 132,465	132,465	132,465	132,465	
Fighting Fund Reserve	(Note 5d) 230,755	290,300	230,755	290,300	
Asset Revaluation Reserve	(Note 5d) 260,427	260,426	260,427	260,426	
	<u>623,647</u>	<u>683,191</u>	<u>623,647</u>	<u>683,191</u>	

(a) Building Reserve

Nature and purpose of reserve

The building reserve is used to record increments and decrements in the value of non-current assets.

(b) Fighting Fund Reserve

Nature and purpose of reserve

The nature and purpose of the fighting fund reserve has been documented in Note 4.

(c) Asset Revaluation Reserve

Nature and purpose of reserve

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.

(d) Movements in Reserve

Description	Balance 30/6/2003	Transfer from Accumulated Funds	Transfer to Accumulated Funds	Movements	Balance 30/6/2004
	\$	\$	\$	\$	\$
Building Reserve	132,465	--	--	--	132,465
Fighting Fund Reserve	290,300	11,156	--	-70,701	230,755
Asset Revaluation Reserve	260,427	--	--	--	260,427
	<u>683,192</u>	<u>11,156</u>	<u>--</u>	<u>-70,701</u>	<u>623,647</u>

(e) Accumulated Funds

	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
	\$	\$	\$	\$
Balance at the beginning of the year	4,044,139	2,971,251	4,044,139	2,971,251
Net surplus (deficit) attributable to members of The Pharmacy Guild of Australia, Victorian Branch	-660,531	1,087,083	-4,726	1,087,083
Transfers to Accumulated Funds from Reserve	--	--	--	--
Total available for appropriation	<u>3,383,608</u>	<u>4,058,334</u>	<u>4,039,413</u>	<u>4,058,334</u>
Transfers from Accumulated Funds to Reserve	-11,156	-14,195	-11,156	-14,195
Balance at end year	<u>3,372,452</u>	<u>4,044,139</u>	<u>4,028,257</u>	<u>4,044,139</u>

Note 6 - INCOME TAX

	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
	\$	\$	\$	\$
Prima facie tax on profit from ordinary activities	267,565	--	--	--
Non Deductible costs	3,264	--	--	--
Provisions for annual and long service leave	3,362	--	--	--
Accrued Interest	109,574	--	--	--
	<u>383,765</u>	<u>--</u>	<u>--</u>	<u>--</u>
Under Provision for prior years (1999 - 2003)	1,163,924	--	--	--
	<u>1,547,689</u>	<u>--</u>	<u>--</u>	<u>--</u>

To date income from The Guild (Victoria) Computer Unit Trust has been distributed to PGA which, being a tax exempt entity, has resulted in no tax being paid. During the current year a question arose in relation to this treatment and whether public trading trust rules (which tax the trust as a corporate entity) should apply. PCA is currently seeking confirmation from the Australian Taxation Office re the appropriateness of its past treatment and whether the public trading trust rules should apply.

Given that doubt currently exists regarding the previous tax treatment of PCA activities, it has been deemed appropriate to fully accrue for the potential tax liability covering the years 1999 - 2004 until such time as a ruling is obtained.

Note 7 - RECEIVABLES (CURRENT)

	CONSOLIDATED		BRANCH	
	2004	2003	2004	2003
	\$	\$	\$	\$
Trade Debtors	530,019	519,784	377,433	305,824
Provision for Doubtful Debts	—	—	—	—
	<u>530,019</u>	<u>519,784</u>	<u>377,433</u>	<u>305,824</u>
Other Debtors	435,547	133,870	65,832	63,175
Controlled Entity	—	—	73,669	94,935
Present Entitlement Receivable	—	—	—	773,537
	<u>435,547</u>	<u>133,870</u>	<u>139,501</u>	<u>931,647</u>
	<u>965,566</u>	<u>653,654</u>	<u>516,934</u>	<u>1,237,471</u>
(a) Related Party Receivables				
The Guild (Victoria) Computer Unit Trust	—	—	73,669	868,472

(b) Terms and conditions

Terms and conditions relating to the above financial instruments

(1) Trade Debtors are non-interest bearing and generally on 30 day terms.

(2) Other Debtors and other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

Note 8 - OTHER FINANCIAL ASSETS (CURRENT)

	CONSOLIDATED		BRANCH	
	2004	2003	2004	2003
	\$	\$	\$	\$
Non-quoted Investments				
At Cost				
Bank Bills	1,250,000	700,000	350,000	100,000
Short Term Deposits	416,485	315,317	142,658	124,437
	<u>1,666,485</u>	<u>1,015,317</u>	<u>492,658</u>	<u>224,437</u>

(a) Terms and conditions

Terms and conditions relating to the above financial instruments

(1) Bankbills have an average maturity of 30 days and have a floating interest rate which has averaged 5.01% (2003 4.79%).

(2) Short Term Deposits are on 24 hour rate and have a floating interest rate which has averaged 4.75% (2003 4.45%).

Note 9 - INVENTORIES (CURRENT)

	CONSOLIDATED		BRANCH	
	2004	2003	2004	2003
	\$	\$	\$	\$
At Cost				
Stationery Stock	2,786	4,036	2,786	4,036
	<u>2,786</u>	<u>4,036</u>	<u>2,786</u>	<u>4,036</u>



FINANCIAL STATEMENTS

Note 10 - OTHER CURRENT ASSETS

	2004	CONSOLIDATED		BRANCH
	\$	2003	2004	2003
	\$	\$	\$	\$
Prepayments	348,161	180,729	312,289	164,9
Accrued Income	234,537	88,427	120,357	85,7
	<u>582,698</u>	<u>269,156</u>	<u>432,646</u>	<u>250,7</u>

Note 11 - OTHER FINANCIAL ASSETS (NON-CURRENT)

	%	2004	CONSOLIDATED		BRANCH
		\$	2003	2004	2003
		\$	\$	\$	\$
Non-quoted Investments					
At Cost					
Shareholding in Pharmacy Computers Aust. P/L	100%	--	--	175,000	175,0
Shareholding in Guild Insurance Holdings Pty Ltd		143,753	143,753	143,753	143,7
Investment in The Guild (Victoria) Computer Unit Trust	100%	--	--	20	20
		<u>143,753</u>	<u>143,753</u>	<u>318,773</u>	<u>318,7</u>
At Valuation					
Guild Properties (Victoria) Unit Trust	93%	4,388,281	4,388,281	4,388,281	4,388,2
		<u>4,532,034</u>	<u>4,532,034</u>	<u>4,707,054</u>	<u>4,707,0</u>

The Branch holds 3,306,937 units in the Guild Properties (Victoria) Unit Trust, the owner of 40 Burwood Road, Hawthorn.

The units are currently valued in accordance with advice from The Guild Properties Company Limited, as Trustee of the Unit Trust to \$1.326992755 per unit.

The Branch has 100% ownership of Pharmacy Computers Australia Pty Ltd as trustee for The Guild (Victoria) Computer Unit Trust.

The investment in Pharmacy Computers Australia Pty Ltd is considered to be valued at not less than its recoverable amount based on the Branch Committee's assessment of budgeted future cash flows. This assessment includes the current receivable disclosed in Note 10.

Valuations:

The fair value of investment in Guild Properties (Victoria) Unit Trust have been determined by independent valuation for the freehold land and building on freehold land held by the unit trust. Such valuations are performed on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.

Note 12 - PROPERTY, PLANT AND EQUIPMENT

	2004	CONSOLIDATED		BRANCH
	\$	2003	2004	2003
	\$	\$	\$	\$
Office Furniture and Fittings				
At Cost	684,163	650,504	588,446	554,78
Accumulated Depreciation	-462,527	-391,049	-403,363	-351,02
	<u>221,636</u>	<u>259,455</u>	<u>185,083</u>	<u>203,76</u>
Branch Computer Facilities				
At Cost	327,743	289,480	189,604	154,79
Accumulated Depreciation	-211,123	-155,289	-100,821	-70,71
	<u>116,620</u>	<u>134,191</u>	<u>88,783</u>	<u>84,08</u>
Motor Vehicles				
At Cost	128,764	97,397	128,764	97,39
Accumulated Depreciation	-47,204	-27,915	-47,204	-27,91
	<u>81,560</u>	<u>69,482</u>	<u>81,560</u>	<u>69,48</u>
	<u>419,816</u>	<u>463,128</u>	<u>355,426</u>	<u>357,31</u>

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial year.

<i>Office Furniture and Fittings</i>				
Carrying amount at beginning	259,455	168,630	203,758	94,81
Additions	33,659	142,422	33,659	141,51
Disposals	-	-	-	-23,04
Add back accumulated depreciation from disposals	-	-	-	23,04
Depreciation Expense	-71,478	-51,597	-52,334	-32,57
	<u>221,636</u>	<u>259,455</u>	<u>185,083</u>	<u>203,76</u>

FINANCIAL STATEMENTS

Note 12 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
<i>Branch Computer Facilities</i>	\$	\$	\$	\$
Carrying amount at beginning	134,191	103,940	84,078	45,603
Additions	38,263	92,899	34,811	62,899
Disposals	-	-45,044	-	-45,044
Add back accumulated depreciation from disposals	-	45,044	-	45,044
Depreciation Expense	-55,834	-62,648	-30,106	-24,424
	<u>116,620</u>	<u>134,191</u>	<u>88,783</u>	<u>84,078</u>
<i>Motor Vehicles</i>				
Carrying amount at beginning	69,482	73,550	69,482	42,611
Additions	31,367	55,377	31,367	55,377
Disposals	-	-62,467	-	-37,701
Add back accumulated depreciation from disposals	-	18,290	-	20,595
Depreciation Expense	-19,289	-15,268	-19,289	-11,400
	<u>81,560</u>	<u>69,482</u>	<u>81,560</u>	<u>69,482</u>

Note 13 - PAYABLES (CURRENT)

	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
	\$	\$	\$	\$
Unsecured				
Controlled Entity	-	-	20	20
Trade Creditors	1,247,054	660,210	489,402	456,498
Prepaid Income	1,232,118	1,045,688	1,213,919	1,027,195
	<u>2,479,172</u>	<u>1,705,898</u>	<u>1,703,341</u>	<u>1,483,713</u>

Prepaid income represents 2004 subscriptions and deferred income received prior to 30 June 2004.

Aggregate amounts payable to related parties

The Guild (Victoria) Computer Unit Trust	-	-	20	20
--	---	---	----	----

Note 14 - PROVISIONS (CURRENT)

	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
	\$	\$	\$	\$
Employee Entitlements				
Annual Leave	164,559	120,839	150,031	108,842
Long Service leave	94,824	80,695	67,936	60,310
	<u>259,383</u>	<u>201,534</u>	<u>217,967</u>	<u>169,152</u>
Provision for Income Tax	1,547,689	-	-	-
	<u>1,807,072</u>	<u>201,534</u>	<u>217,967</u>	<u>169,152</u>

Note 15 - INTEREST BEARING LIABILITY (NON-CURRENT)

	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
	\$	\$	\$	\$
Loan				
Bendigo Bank - Purchase of Building Units	293,193	1,078,170	293,193	1,078,170

Note 16 - PROVISIONS (NON-CURRENT)

	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
	\$	\$	\$	\$
Employee Entitlements				
Long Service Leave	82,238	65,853	75,516	60,104

Terms and conditions:

The type of facility is a Commercial Business Loan over 10 years, with a fixed 5 year rate (Principal and interest), then variable for the remainder of the Term.



FINANCIAL STATEMENTS

Note 17 - NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and investments in money market, instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Cash at Beginning of the Year

	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
	\$	\$	\$	\$
Cash	841,460	806,367	737,420	495,198
Deposits at Call	1,015,317	685,908	224,437	319,224
	<u>1,856,777</u>	<u>1,492,275</u>	<u>961,857</u>	<u>814,422</u>

Cash at End of the Year

	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
	\$	\$	\$	\$
Cash	488,389	841,460	434,417	737,420
Deposits at Call	1,666,485	1,015,317	492,658	224,437
	<u>2,154,874</u>	<u>1,856,777</u>	<u>927,075</u>	<u>961,857</u>

(b) Reconciliation of Net Cash Provided by Operating Activities to Surplus for Year

	CONSOLIDATED			BRANCH
	2004	2003	2004	2003
	\$	\$	\$	\$
Surplus / (Deficit) for the year after tax	-660,531	1,087,083	-4,726	1,087,083
Depreciation of Non-current Assets	146,600	129,513	101,728	68,398
Other Non Cash Income	-112,108	-85,794	-112,108	-85,794
Changes in Net Assets and Liabilities				
(Increase) / Decrease in Current Receivables	351,264	-71,224	720,537	-184,858
(Increase) / Decrease in Current Other Assets	-181,873	-57,303	-181,873	-70,366
(Increase) / Decrease in Current Inventories	-1,250	687	-1,250	687
(Increase) / Decrease in Non-Current Assets	—	—	—	—
(Decrease) / Increase Current Creditors	102,506	-586,268	343,664	-640,552
(Decrease) / Increase in Current Provisions	1,606,510	17,604	48,815	39,843
(Decrease) / Increase in Non-Current Provisions	15,412	-7,286	15,412	-8,329
Net Cash (Used In) / Provided By Operating Activities	<u>1,266,530</u>	<u>427,012</u>	<u>930,199</u>	<u>206,112</u>

Note 18 - RELATED PARTY DISCLOSURES

(a) Transactions with Related Parties

The following persons held positions on the Branch Committee or Directors during the reporting period:

Messrs.W.J. Scott	Messrs.	R.E. Gymer
R.J.C. Foster (Branch Committee and Director)		D McLean
P.D. Howard (Branch Committee and Director)		B.R. Robertson
D.S. Nolte		D Sanghvi
J. Presutto		M.V. Sheehan
N Gibson (Director)		
	Ms.	B Baxter
		H Lyall
		T.E. Riley

Note 18 - RELATED PARTY DISCLOSURES (cont'd)

The aggregate amount of remuneration received or receivable by the members of the Branch Committee and Directors for the reporting period including fees, salaries, benefits, bonuses or commissions was \$ 417,682 (2003 \$346,670)

The number of the Branch Committee or Directors whose total remuneration from the Guild and related parties falls within the following bands.

		2004	2003
	\$	No.	No.
	\$0	9,999	9
	\$10,000	19,999	0
	\$20,000	29,999	0
	\$30,000	39,999	3
	\$40,000	49,999	0
	\$80,000	89,999	0
	\$90,000	99,999	0
	\$110,000	119,999	0
	\$120,000	129,999	0
	\$130,000	139,999	1
	\$170,000	179,999	1

During the year some Branch Committee members participated as members in the member service provided and accordingly membership fees were paid in accordance with normal terms and conditions.

(b) Balances with Related Parties

(i) Amounts payable to Related Parties

Other Branches - Current

The Pharmacy Guild of Australia (National Secretariat)
The Pharmacy Guild of Australia (WA)

	2004	2003
	\$	\$

	12,894	10,817
	2,087	4,036

Other Related Parties - Current

Guild Insurance & Financial Services Ltd

	---	5,533
--	-----	-------

(ii) Amounts Receivable from Related Parties.

Other Branches - Current

The Pharmacy Guild of Australia (National Secretariat)
Gold Cross Products and Services Pty Ltd
The Pharmacy Guild of Australia (NSW)

	72,080	12,807
	27,500	27,500
	22,660	8,118

Other Related Parties - Current

Guild Insurance & Financial Services Ltd
Guild Properties Company Ltd

	80,304	43,835
	—	9,012

The following transactions took place with related parties during the reporting period:

Party	Type of Transaction	Terms	2004	2003
Other Branches			\$	\$
The Pharmacy Guild of Australia National Secretariat	Membership contributions paid by Victorian Branch	72.25% of gross membership fees received	1,074,405	1,052,259
Gold Cross Products and Services Pty Ltd	Commission paid to Victorian Branch for distribution of its material	Based on membership % applies to gross Division income	81,588	105,630



FINANCIAL STATEMENTS

Note 18 - RELATED PARTY DISCLOSURES (cont'd)

			2004	
			\$	
The Pharmacy Guild of Australia (WA)	Income received from Vic Branch as interest less costs on Clearing House facilities.	Interest at normal commercial rates less actual costs.	1,897	
The Pharmacy Guild of Australia (NSW)	Commission on sales from Pharmacy Computers Australia Pty Ltd	Based on site sales in each State	38,500	38
The Pharmacy Guild of Australia (Qld)			20,000	24
The Pharmacy Guild of Australia (ACT)			5,000	5
The Pharmacy Guild of Australia (SA)			12,000	5
The Pharmacy Guild of Australia (WA)			16,500	12
The Pharmacy Guild of Australia (Tasmania)			5,000	5
The Pharmacy Guild of Australia (NT)			5,000	5

The following transactions took place with related parties during the reporting period:

Other Related Parties

Subsidiaries of The Pharmacy Guild of Australia

			2004	
			\$	
Guild Insurance Company Ltd.	Commission received from Guild Insurance for business referred from Victorian Branch Members	Percentage of business received. Calculated on normal commercial terms.	331,885	314.6
The Guild Properties Company Ltd.	Distribution received by Victorian Branch as in Guild Properties (Victoria) interest on units held Unit Trust.	Normal Commercial terms	236,612	238.6
	Building costs & maintenance paid by Victorian Branch to Guild Properties Company Ltd [Trustee Company of Guild Properties (Victoria) Unit Trust] as tenants of "Guild House", a property owned by the unit trust.	Normal Commercial terms	79,256	71.4

Subsidiaries of the Pharmacy Guild of Australia, Victorian Branch.

During the year the Branch provided accounting, administration and overheads to Pharmacy Computers Australia Pty Ltd as trustee of the Guild (Victoria) Computer Unit Trust on normal terms and conditions.

Due to the current uncertainty of the tax situation, The Pharmacy Guild of Australia, Victorian Branch is presently entitled to nil (2003 \$773,537) from the The Guild (Victoria) Computer Unit Trust as at balance date. During the year the unit trust paid \$773,537 (2003 \$806,000) to the unit holder, The Pharmacy Guild of Australia, Victorian Branch. Total distribution for the year was \$773,537 (2003 \$973,675).

As at balance date \$73,669 (2003 \$94,935) is owing to the Pharmacy Guild of Australia, Victorian Branch for the unit trust's allocation of expense for the month of June 2004, which includes wages and salaries, superannuation, group tax, payroll tax and fringe benefits tax, postage and general expenses.

The Pharmacy Guild of Australia, Victorian Branch owe the unit trust \$20 (2003 \$20) for issued units as at balance date.

Note 19 – FINANCIAL INSTRUMENTS

a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial liability and equity instrument are disclosed in Note 1 to the accounts.

b) Interest Rate Risk

The following table details the economic entity's exposure to interest rate risk as at the reporting date.

2004	Average Interest Rate %	Variable Interest \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$
Financial Assets					
Cash	4.25	488,389	--	--	488,389
Trade Receivables		--	--	530,019	530,019
Other Receivables		--	--	435,547	435,547
Other Current Assets		--	--	582,698	582,698
Bank Bills	5.01	--	1,250,000	--	1,250,000
Short Term Deposits	4.75	--	416,485	--	416,485
		<u>488,389</u>	<u>1,666,485</u>	<u>1,548,264</u>	<u>3,703,138</u>
Financial Liabilities					
Trade Payables		--	--	1,247,054	1,247,054
Other liabilities		--	--	1,232,118	1,232,118
Provision for Tax		--	--	1,547,689	1,547,689
Employee entitlements		--	--	341,621	341,621
Loans	7.75	--	293,193	--	293,193
		--	<u>293,193</u>	<u>4,368,482</u>	<u>4,661,675</u>
2003					
2003	Average Interest Rate %	Variable Interest \$	Fixed Interest Rate \$ (All less than 1 year)	Non Interest Bearing \$	Total \$
Financial Assets					
Cash	3.95	841,460	--	--	841,460
Trade Receivables		--	--	519,784	519,784
Other Receivables		--	--	133,870	133,870
Other Current Assets		--	--	269,156	269,156
Bank Bills	4.79	--	700,000	--	700,000
Short Term Deposits	4.45	--	315,317	--	315,317
		<u>841,460</u>	<u>1,015,317</u>	<u>922,810</u>	<u>2,779,587</u>
Financial Liabilities					
Trade Payables		--	--	660,210	660,210
Other liabilities		--	--	1,045,688	1,045,688
Employee entitlements		--	--	267,387	267,387
Loans	7.75	--	1,078,170	--	1,078,170
		--	<u>1,078,170</u>	<u>1,973,285</u>	<u>3,051,455</u>

c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The economic entity has adopted the policy of only dealing with creditworthy counterparts and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial losses from defaults. Credit risk relates only to receivables as shown in Note 7.

d) Net Fair Value

As at the reporting date the net fair value of assets and liabilities is not significantly different from the carrying amount in the balance sheet.

Net fair value was determined with reference to the carrying amount of assets and liabilities in the balance sheet determined in accordance with the accounting policies disclosed in Note 1 to the accounts.



FINANCIAL STATEMENTS

Note 20 - SUBSEQUENT EVENTS

There has been a merger between Pharmacy Computers Australia Pty Ltd and NU Systems Pty Ltd as from 1 July 2004. The new company will be called PCA NU Systems Pty Ltd.

Note 21 - CONTINGENT LIABILITIES

There are no contingent liabilities as at balance date.

Note 22 - EMPLOYEE ENTITLEMENTS

	CONSOLIDATED			BRAN
	2004	2003	2004	2
	\$	\$	\$	
The aggregate employee entitlement liability is comprised of:				
Annual Leave (Current)	164,559	120,839	150,031	108,
Long Service Leave (Current)	94,824	80,695	67,936	60,
Long Service Leave (Non-Current)	82,238	65,853	75,516	60,
	<u>341,621</u>	<u>267,387</u>	<u>293,483</u>	<u>229,</u>

Note 23 - AUDITORS' REMUNERATION

	CONSOLIDATED			BRAN
	2004	2003	2004	20
	\$	\$	\$	
Amounts received or due and receivable by Ernst & Young for:				
Auditing the accounts	30,600	29,410	21,000	19,8
Amounts received or due and receivable by others for:				
Auditing and other services	4,629	4,500	1,779	4,5
	<u>35,229</u>	<u>33,910</u>	<u>22,779</u>	<u>24,3</u>

Note 24 - EXPENDITURE COMMITMENTS

	CONSOLIDATED			BRAN
	2004	2003	2004	20
	\$	\$	\$	
Loan From Bendigo Bank				
Not later than one year	-	-	-	
Later than one year but not later than five years	293,193	1,078,170	293,193	1,078,1

Note 25 - SEGMENT INFORMATION

The Pharmacy Guild of Australia, Victorian Branch operates predominantly in the provision of member services to its members, mainly in the State of Victoria, Australia.

The controlled entity, Pharmacy Computers Australia Pty Ltd provides sales of dispensing and related software and support of hardware and software and operates predominantly within one geographical location, being Australia.

Accounting Officer's Certificate

I, Robert J C Foster, being the Officer responsible for keeping the accounting records of The Pharmacy Guild of Australia, Victorian Branch, certify that as at 30 June 2004 the number of members of the Branch is 976.

In my opinion:

- (1) The attached accounts show a true and fair view of the financial affairs of the Branch as at 30 June, 2004;
- (2) A record has been kept of all moneys paid by, or collected from members and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the rules of the organisation;
- (3) Before any expenditure was incurred, approval of the incurring of the expenditure was obtained in accordance with the rules of the organisation;
- (4) With regard to funds of the organisation raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated;
- (5) No loans or other financial benefits, other than remuneration in respect of their full time employment with the organisation, were made to persons holding office in the organisation; and
- (6) The register of members of the Branch was maintained in accordance with the Workplace Relations Act (1996).



Robert J C Foster

Melbourne
16 September 2004

Branch Committee's Certificate

We, William J Scott and Robert J C Foster, being two members of the Branch Committee of The Pharmacy Guild of Australia Victorian Branch, do state on behalf of the Committee and in accordance with a resolution passed by the Committee, that:

- (1) In the opinion of the Committee, the attached accounts show a true and fair view of the financial affairs of the Branch as at 30 June, 2004;
- (2) In the opinion of the Committee, meetings of the Committee were held during the year ended 30 June, 2004 in accordance with the rules of the organisation;
- (3) To the knowledge of any member of the Committee, there have been no instances where records of the organisation or other documents not being documents containing information made available to a member of the organisation under sub-section 274 (2) of the Workplace Relations Act (1996) or copies of those records or documents, or copies of the rules of the organisation, have not been furnished, or made available to members in accordance with the requirements of the Workplace Relations Act (1996), the Regulations thereto, or the rules of the organisation; and
- (4) The Branch has complied with sub section 279 of the Act in relation to the financial accounts in respect of the year ended 30 June, 2003 and the auditor's report thereon.



William J Scott



Robert J C Foster

Melbourne
16 September 2004





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Australia

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Independent audit report to members of the Pharmacy Guild of Australia, Victorian Branch

Scope

The financial report and Branch committee responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the Pharmacy Guild of Australia, Victorian Branch (the Branch), and the consolidated entity for the year ended 30 June, 2004. The consolidated entity comprises both the Branch and the entities it controlled during the year.

The Branch committee are responsible for preparing a financial report that presents fairly the financial position and performance of the Branch, and that complies with Accounting Standards in Australia, in accordance with the Workplace Relations Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Branch. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to access whether in all material respects the financial report presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Branch's financial position, and of its performance as represented by the results of its operations and cash flows.

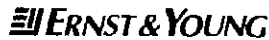
We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW)

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We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the Branch committee and management of the Branch.

Independence

We are independent of the Branch, and have met the independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion:

- (i) the organisation kept satisfactory accounting records for the financial year ended 30 June 2004 which detailed the sources and nature of the income of the organisation (including income from members), and the nature and purposes of expenditure of the organisation; and
- (ii) the accounts and statements prepared under Section 273 of the Workplace Relations Act, 1996, (The Act), in relation to the year are properly drawn up so as to give a true and fair view of:
 - (a) the financial affairs of the organisation as at 30 June 2004;
 - (b) the income and expenditure and results of the organisation for the year ended on that date; and
 - (c) the cash flows of the organisation for the year ended on that date

and are in accordance with Australian Accounting Standards and other mandatory professional reporting requirements.

All information and explanations that, under Section 276(2) of the Act, officers or employees of the organisation were required to provide were provided.

Ernst & Young

R. Bruce Dungey
Partner and Registered Company Auditor

Melbourne

Date: 16 September, 2004

**PHARMACY GUILD OF AUSTRALIA
VICTORIAN BRANCH**

COMMITTEE OF MANAGEMENT STATEMENT

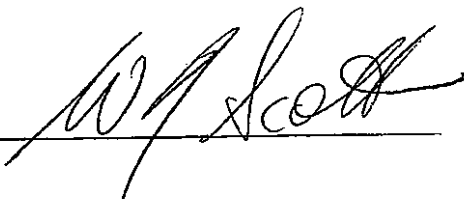
The Committee of Management of The Pharmacy Guild of Australia Victorian Branch considered, although did not pass a resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2004.

The Committee of Management declares in relation to the GPFR that, in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of The Pharmacy Guild of Australia Victorian Branch for the financial year to 30 June 2004;
- (d) there are reasonable grounds to believe that The Pharmacy Guild of Australia Victorian Branch will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation;
 - (ii) the financial affairs of The Pharmacy Guild of Australia Victorian Branch have been managed in accordance with the rules of the organisation;
 - (iii) the financial records of The Pharmacy Guild of Australia Victorian Branch have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations;
 - (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation;
 - (v) the information sought in any request of a member of The Pharmacy Guild of Australia Victorian Branch or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (vi) no orders have been made by the Commission under section 273 of the RAO Schedule during the period.

For Committee of Management: WILLIAM JAMES SCOTT

Title of Office held: BRANCH PRESIDENT

Signature: 

MELBOURNE

**PHARMACY GUILD OF AUSTRALIA
VICTORIAN BRANCH**

OPERATING REPORT

I, WILLIAM JAMES SCOTT, being the designated officer responsible for preparing this report for the financial year ended 30 June 2004 of The Pharmacy Guild of Australia Victorian Branch, report as follows:

- (a) Principal Activities:
- (i) The Pharmacy Guild of Australia Victorian Branch is an employers' organisation servicing the needs of proprietors of independent community pharmacies and to represent their interests in industrial matters.
 - (ii) The Pharmacy Guild of Australia Victorian Branch assists the National Council and the National Executive of The Pharmacy Guild of Australia ("the Guild") in carrying out the overall policy and objectives of the Guild.
 - (iii) Included in the Annual Report are the various reports compiled by The Pharmacy Guild of Australia Victorian Branch's President, Director and Officers 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 Pharmacy Guild of Australia Victorian Branch's financial affairs during the period to which this report relates
- (c) Members Advice:
- (i) under Section 174 of the Registration and Accountability of Organisations schedule (RAO) and Rule 36 of the rules of the Guild, a member may resign from membership by written notice addressed and delivered to the Branch Director;
 - (ii) the register of members of the organisation was maintained in accordance with the RAO; and
 - (iii) Section 272 of the RAO outlines members and the registrar's rights to certain prescribed information.
- (d) Officers of the organisation holding the position of a trustee of a superannuation entity, apart from their individual funds, were:
- Robert Foster : The Pharmacy Guild of Australia Superannuation Fund.
- (e) Prescribed and other Information:
- (i) As at 30 June 2004, to which this report relates, the number of members of the organisation were 981, including honorary life members.
 - (ii) As at 30 June 2004, the total number of employees employed by the reporting entity was 26.

**PHARMACY GUILD OF AUSTRALIA
VICTORIAN BRANCH**

OPERATING REPORT (continued)

- (iii) During the reporting period, the following persons were members of the Branch Committee :

Messrs W J Scott (President)	R J C Foster	R E Gymer
P D Howard	D McLean	D S Nolte
J Presutto	B R Robertson	D Sanghvi
Ms B Baxter	H Lyall	T E Riley

- (f) Insurance of Officers:

During the financial year, The Pharmacy Guild of Australia Victorian Branch paid insurance to cover all officers of The Pharmacy Guild of Australia Victorian Branch. The officers of The Pharmacy Guild of Australia Victorian Branch covered by the insurance policy include all the committee of management. Other officers covered by the contract are the management of The Pharmacy Guild of Australia Victorian Branch. 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 Pharmacy Guild of Australia Victorian Branch.

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WILLIAM JAMES SCOTT