



13 November 2013

Dipak Sanghvi
President
The Pharmacy Guild of Australia, Victorian Branch
Guild House
Level 2, 40 Burwood Road
Hawthorn VIC 3122

Cc: Michael Hook
Manager - Corporate Services

Dear Mr Sanghvi

The Pharmacy Guild of Australia Victorian Branch Financial Report for the year ended 30 June 2012 - FR2012/271

I acknowledge receipt of the financial report of The Pharmacy Guild of Australia, Victorian Branch (PGA VIC). The documents were lodged with Fair Work Australia on 18 October 2012. I acknowledge receipt of supplementary information on the 6 March 2013 regarding the audit qualification of the FRED IT Group Accounts in relation to the Goodwill held for FRED Retail Pty Ltd.

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

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.

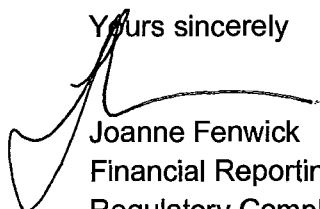
Additionally, a third edition to the General Manager's s.253 reporting guidelines was gazetted on 26 June 2013. These guidelines will apply to all financial reports that end on or after 30 June 2013. Fair Work Commission has also developed a model set of financial statement for the 2012-2013 financial 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>

If you have any queries regarding this letter, please contact me on (03) 8661 7886, or by email at joanne.fenwick@fwc.gov.au.

Yours sincerely



Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch

MERCOVICH, Elizabeth

From: Michael Hook [michael.hook@vic.guild.org.au]
Sent: Friday, 1 March 2013 2:08 PM
To: OHALLORAN, Andrea
Subject: The Pharmacy Guild of Australia, Victoria - QUALIFICATION OF ACCOUNTS

Andrea,

As per our discussion regarding the Qualification of the FRED IT Group Accounts in relation to the Goodwill held for FRED Retail P/L, below is the explanatory note from our auditors Ernst and Young, which states that the qualification was only shown for comparative information in the Financial year ending 30/6/2011:

*Fred IT Group Pty Ltd's qualified audit opinion in previous financial year
During the current financial year ended 30 June 2012, Fred IT Group impaired \$839k of its intangible assets, relating to Fred Retail Pty Ltd.*

Consequently, Grant Thornton has issued Fred IT an unqualified audit opinion.

We have been provided with access to review the audit working papers of Fred IT Group Pty Ltd.

Grant Thornton has issued Fred IT a qualified audit opinion in relation to the comparative financial information presented for the 30 June 2011 year end. Unfortunately this also means that due to the materiality of the qualification issued for Fred IT, we are also required under ASA 710 Comparative Financial Information – Corresponding Figures and Comparative Financial Reports to also qualify our audit opinion.

The Goodwill is now fully written off and will not be Qualified in the 30 June 2013 Financial Report.

Regards

Michael Hook
Corporate Services - Manager



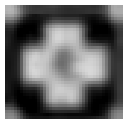
The Pharmacy
Guild of Australia

The Pharmacy Guild of Australia - Victoria

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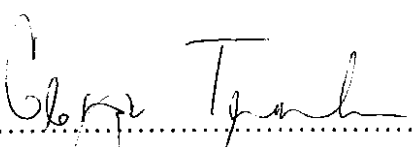


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I, GEORGE TAM BASSIS, President of the Victorian Branch of the Pharmacy Guild of Australia, certify that:

1. The auditor's report, the accounts and statements, and the Operating Report and the Committee of Management Report in respect to the financial year commencing 1 July 2011 and ending 30 June 2012 were made available to members free of charge on Monday 17 September 2012.
2. The enclosed documents are copies of the auditor's report, the accounts and statements Operating Report and the Committee of Management Statement, prepared for the Branch in accordance with the Act in respect to the year ending 30 June 2012 and are as presented to Annual General meeting of the Pharmacy Guild of Australia, Victoria on 9 October 2012.



President
The Pharmacy Guild of Australia, Victoria

11 October 2012.

Victoria

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The Pharmacy Guild of Australia Victoria

ANNUAL FINANCIAL REPORT

Year Ended

30 June 2012

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	Consolidated 2012 \$	2011 \$
INCOME			
Revenue	2	4,971,351	4,791,087
Share of profit from Associate	2	858,994	239,312
Other income	2	202,898	148,297
		6,033,243	5,178,696
PROJECT PAYMENTS AND OTHER EXPENSES			
Administration		464,550	471,700
Building outgoings		137,807	118,623
Committee fees and allowances		13,748	23,883
Depreciation		146,681	157,154
Employee benefits expenses		2,065,314	2,092,966
Membership contributions to National Council		1,274,777	1,173,175
National Secretariat and Branch contributions		187,500	50,000
Printing and despatch		137,479	147,932
Public relation and consultancy		40,863	63,173
Superannuation		300,052	278,257
Staff training and trainers fees		367,371	429,699
Travelling expenses		146,061	130,190
		5,282,203	5,136,752
PROFIT FOR THE YEAR	3	751,040	41,944
OTHER COMPREHENSIVE INCOME			
Fair value revaluation of land and buildings		125,000	125,000
		876,040	166,944
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
Profit attributable to:			
Members of the parent entity		742,748	33,654
Non-controlling interest		8,292	8,290
		751,040	41,944
Other comprehensive income attributable to:			
Members of the parent entity		116,708	116,710
Non-controlling interest		8,292	8,290
		125,000	125,000
Total comprehensive income attributable to:			
Members of the parent entity		859,456	150,364
Non-controlling interest		16,584	16,580
		876,040	166,944

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Note	Consolidated	
		2012	2011
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	1,312,853	1,520,706
Trade and other receivables	5	1,661,142	1,283,756
Other assets	6	912,534	309,453
TOTAL CURRENT ASSETS		3,886,529	3,113,915
NON-CURRENT ASSETS			
Property, plant and equipment	7	4,628,266	4,586,364
Investment property	8	4,000,000	3,875,000
Investments accounted for using the equity method	9	3,944,534	3,835,540
TOTAL NON-CURRENT ASSETS		12,572,800	12,296,904
TOTAL ASSETS		16,459,329	15,410,819
CURRENT LIABILITIES			
Trade and other payables	10	3,262,105	3,131,997
Provisions	11	445,929	400,549
TOTAL CURRENT LIABILITIES		3,708,034	3,532,546
NON-CURRENT LIABILITIES			
Trade and other payables	10	53,995	63,787
Provisions	11	41,537	34,763
TOTAL NON-CURRENT LIABILITIES		95,532	98,550
TOTAL LIABILITIES		3,803,566	3,631,096
NET ASSETS		12,655,763	11,779,723
EQUITY			
Accumulated Funds		10,680,990	9,938,242
Reserves	18	1,444,188	1,327,480
Parent interest		12,125,178	11,265,722
Non-controlling interest		530,585	514,001
TOTAL EQUITY		12,655,763	11,779,723

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES OF EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

	Attributable to members of the parent entity				Non- controlling interest \$	Total \$
	Fighting Funds Reserve \$	Revaluation Reserve \$	Accumulated Funds \$	Sub-total \$		
	At 1 July 2010	8,167	1,210,770	9,896,421		
Profit for the year	-	-	33,654	33,654	8,290	41,944
Other Comprehensive Income	-	116,710	-	116,710	8,290	125,000
Transfer to Accumulated Funds	(8,167)	-	8,167	-	-	-
At 30 June 2011	-	1,327,480	9,938,242	11,265,722	514,001	11,779,723
Profit for the year	-	-	742,748	742,748	8,292	751,040
Other Comprehensive Income	-	116,708	-	116,708	8,292	125,000
At 30 June 2012	-	1,444,188	10,680,990	12,125,178	530,585	12,655,763

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012**

	Consolidated	
	2012	2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts in the course of operations	5,175,494	5,429,972
Payments in the course of operations	(5,363,588)	(5,143,914)
Interest received	51,980	47,884
Net GST paid to Australian Taxation Office	(204,962)	(175,982)
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	(341,076)	157,960
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends from associate, FRED IT Group Pty Ltd	200,000	250,000
Purchase of plant and equipment	(67,894)	(62,315)
Security deposit refunded	(9,792)	-
Proceeds on sale of motor vehicle	10,909	2,701
NET CASH INFLOW FROM INVESTING ACTIVITIES	133,223	190,386
Net increase in cash and cash equivalents held	(207,853)	348,346
Cash and cash equivalents at beginning of the financial year	1,520,706	1,172,360
Cash and cash equivalents at the end of the financial year	1,312,853	1,520,706

The accompanying notes form part of these financial statements.

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

These consolidated financial statements and notes represent those of The Pharmacy Guild of Australia, Victoria and Controlled Entities (the "consolidated group" or "group").

The Pharmacy Guild of Australia, Victoria is the Victorian branch of an employers organisation (the "branch" or "organisation") which is registered in Australia under the Fair Work (Registered Organisations) Act 2009.

The principal activities of the organisation is to deliver a range of leading professional services which enable members to run a profitable business while servicing the health care needs of their community.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Pharmacy Guild of Australia, Victoria has elected to early adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the annual reporting period beginning 1 July 2010. As a consequence, the Group has also adopted AASB 2011–6: Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements. This is because the reduced disclosure requirements in AASB 2011–2 and AASB 2011–6 relate to Australian Accounting Standards that mandatorily apply to annual reporting periods beginning on or after 1 July 2011.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the *Fair Work (Registered Organisations) Act 2009*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of land and buildings and investment property.

The financial report was authorised for issue on 14 September 2012 by the Branch Executive of the Group.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by The Pharmacy Guild of Australia, Victoria at the reporting date. A controlled entity is any entity over which The Pharmacy Guild of Australia, Victoria has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through entities, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

A list of controlled entities is contained in Note 20 to the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(a) Principles of consolidation (cont'd)**

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. Accounting policies of related entities have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests' interest in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Revenue

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

All membership income is recognised in the appropriate financial year to which the membership relates and Government funded training is recognised on a percentage of completion basis per student.

Interest revenue is recognised as interest accrues using the effective interest rate method.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of amount of goods and services tax (GST).

(c) Income Tax

The Pharmacy Guild of Australia, Victoria is exempt from income tax under Section 50-15 of the *Income Tax Assessment Act 1936*.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments with maturities of three months or less which are convertible to known amounts of cash and subject to insignificant risk of change in value.

(f) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Trade and Other Receivables (cont'd)

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured at their fair value, based on annual valuations by external independent valuers.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in other comprehensive income. Decreases that offset previous increases of the same asset are charged against revaluation surpluses directly in other comprehensive income; all other decreases are charged to the Statement of Comprehensive Income.

Plant and equipment

Plant and equipment is measured at cost less accumulated depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Branch Executive to ensure it is not in excess of the recoverable amount from these assets.

All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment (excluding freehold land and building), is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Depreciation is recognised in the Statement of Comprehensive Income.

The depreciation rates used for each class of depreciable assets are:

Class of Plant and Equipment	Useful life
Plant and equipment	5 to 15 years
Motor vehicles	6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income.

(h) Investment Property

Investment property represents half of the land and building located at 40 Burwood Road, Hawthorn which is held to generate long term rental yields. The other half of the land and building located at 40 Burwood Road, Hawthorn, is occupied by The Pharmacy Guild of Australia, Victoria and is recognised within the category of property, plant and equipment.

Investment property are measured initially at cost, including transaction costs. Subsequent to initial recognition investment property is stated at fair value, which is based on active market prices as well as an annual valuation by an external independent valuer. The independent valuation is based on a notional net rental on an "in use" basis for this location. Gain or loss arising from a change in the fair value of the investment property is recognised in the Statement of Comprehensive Income in the year in which it arises.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(i) Investment in Associates**

Associate companies are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent they relate to the Group's investment in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the company's investments in associates are shown at Note 20.

(j) Impairment of Assets

At the end of each reporting period, The Pharmacy Guild of Australia, Victoria assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by The Pharmacy Guild of Australia, Victoria during the reporting period which remain unpaid.

The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Unearned and Deferred Revenue

Deferred and unearned revenue relates to revenue received in advance for membership fees which are unearned at year end and presented as liabilities.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the Group to employee superannuation funds and are charged as an expense when incurred.

(o) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to the Statement of Comprehensive Income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(o) Financial Instruments (cont'd)*****Classification and subsequent measurement (cont'd)******i) Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

iii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

iv) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Financial Instruments (cont'd)

Impairment (cont'd)

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of comprehensive income.

(p) Comparative Figures

Where required by Australian Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(q) Critical Accounting Estimates and Judgments

The Branch Executive evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

Impairment

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of land and buildings and investment property are reassessed using the higher of fair value and value-in-use calculations which incorporate various key assumptions.

Key Judgements

Impairment

Key judgements are made in respect of the assessment of the recoverability of trade receivables and the revaluation of the investment property. The Branch Executive have determined that the full amount of trade debtors is recoverable and therefore no provision for impairment has been made. The Branch Executive have also determined that the revaluation of the investment property is reasonable.

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

	2012 \$	2011 \$
NOTE 2: REVENUE AND OTHER INCOME		
Revenue		
Membership contributions received by the Branch	2,192,013	2,026,606
Commissions	516,738	588,698
Interest	51,980	47,884
Other income	289,190	216,278
Rental income Guild Properties	323,662	319,255
Training income	904,336	1,030,716
Quality care pharmacy program project income	524,431	561,650
5CPA state based support	169,001	-
	<u>4,971,351</u>	<u>4,791,087</u>
Other Income		
Other rental income	71,300	22,276
Profit from sale of assets	6,598	1,021
Gain on revaluation of investment property	125,000	125,000
	<u>202,898</u>	<u>148,297</u>
Share of profits from associate	858,994	239,312
Total Income	<u>6,033,243</u>	<u>5,178,696</u>
NOTE 3: PROFIT FOR THE YEAR		
Profit for the year has been determined after charging:		
<i>Expenses</i>		
Committee fees and allowances for attendance at meetings and conferences	13,748	23,883
Committee Conference and meeting expenses	-	-
Employee benefits and superannuation		
- holders of office of the reporting entity	150,661	156,890
- others	2,214,705	2,214,333
	<u>2,365,366</u>	<u>2,371,223</u>
Finance cost	-	-
Grants and donations	33,595	44,803
Legal expenses	7,311	16,013
Remuneration of the auditor of the parent entity:		
- audit or review	39,600	40,120
- other services	-	-
	<u>39,600</u>	<u>40,120</u>
<i>Consolidated expenses listed in Note 3 relate solely to the Branch and are disclosed in accordance with Fair Work Australia Reporting Guideline Item 11.</i>		
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	<u>1,312,853</u>	<u>1,520,706</u>

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

	2012 \$	2011 \$
NOTE 5: TRADE AND OTHER RECEIVABLES		
Trade receivables	1,604,822	1,232,525
Other receivables	56,320	51,231
Total receivables	<u>1,661,142</u>	<u>1,283,756</u>

NOTE 6: OTHER ASSETS

Prepayments	149,948	95,705
Accrued income	762,586	213,748
	<u>912,534</u>	<u>309,453</u>

Included in accrued income is dividends receivable amounting to \$750,000 (2011: \$200,000).

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Land and buildings - at beginning of year	3,875,000	3,750,000
Revaluation	125,000	125,000
	<u>4,000,000</u>	<u>3,875,000</u>
Plant and equipment at cost	1,123,661	1,093,578
Less accumulated depreciation	(612,635)	(496,223)
	<u>511,026</u>	<u>597,355</u>
Motor vehicles	199,720	190,257
Less accumulated depreciation	(82,480)	(76,248)
	<u>117,240</u>	<u>114,009</u>
	<u>4,628,266</u>	<u>4,586,364</u>

Movements in carrying amounts:

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Land and buildings \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2010	3,750,000	699,731	108,152	4,557,883
Additions	-	24,206	38,109	62,315
Revaluation	125,000	-	-	125,000
Disposals	-	-	(1,680)	(1,680)
Depreciation expense	-	(126,582)	(30,572)	(157,154)
Balance at 30 June 2011	<u>3,875,000</u>	<u>597,355</u>	<u>114,009</u>	<u>4,586,364</u>
Additions	-	30,083	37,811	67,894
Revaluation	125,000	-	-	125,000
Disposals	-	-	(4,311)	(4,311)
Depreciation expense	-	(116,412)	(30,269)	(146,681)
Balance at 30 June 2012	<u>4,000,000</u>	<u>511,026</u>	<u>117,240</u>	<u>4,628,266</u>

	2012 \$	2011 \$
NOTE 8: INVESTMENT PROPERTY		
Balance at 1 July	3,875,000	3,750,000
Net gain from fair value adjustments	125,000	125,000
Balance at 30 June	<u>4,000,000</u>	<u>3,875,000</u>

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

	2012 \$	2011 \$
NOTE 9: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Investments accounted for using the equity method:		
Investment in associated company, FRED IT Group Pty Ltd	3,944,534	3,835,540

The equity interest in FRED IT Group Pty Ltd is 50.00% (2011: 48.59%) and has been equity accounted.

Movement during the year in equity accounted investment in associated company:

Balance at 1 July	3,835,540	3,796,228
Add: Share of associated company's profit after income tax	858,994	239,312
Less: Dividend revenue from associated company	(750,000)	(200,000)
Balance at 30 June	<u>3,944,534</u>	<u>3,835,540</u>

The investment in FRED IT Group Pty Ltd is higher than the share of the net assets due to premium on acquisition.

The following illustrates summarised financial information relating to the Group's investment in associate entity:

Extract from the Associate's Statement of Financial Position

Current Assets	5,254,732	4,907,787
Non-Current Assets	15,511,800	14,804,201
	<u>20,766,532</u>	<u>19,711,988</u>
Current Liabilities	11,322,683	9,548,602
Non-Current	2,310,434	2,522,958
	<u>13,633,117</u>	<u>12,071,560</u>
Net Assets	<u>7,133,415</u>	<u>7,640,428</u>
Share of associate's net assets (50%) (2011: 48.59%)	<u>3,566,708</u>	<u>3,712,484</u>

Extract from the Associate's Statement of Comprehensive Income

Revenue	34,518,205	25,015,332
Net Profit after Tax	1,717,987	492,511

NOTE 10: TRADE AND OTHER PAYABLES

Current

Trade and other payables	935,054	857,327
Deferred revenue	1,209,637	1,502,604
Unearned revenue	1,117,414	772,066
	<u>3,262,105</u>	<u>3,131,997</u>

Non-Current

Security deposit held in trust	53,995	63,787
	<u>3,316,100</u>	<u>3,195,784</u>

Deferred revenue represents 2012/2013 subscriptions and other deferred revenue invoiced in the subscription year which begins in July 2012.

Trade and other payables are classified as financial liabilities at amortised cost.

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

	2012 \$	2011 \$
NOTE 11: PROVISIONS		
Current		
Employee benefits	445,929	400,549
Non-Current		
Employee benefits	41,537	34,763
Total employee benefits	487,466	435,312

No provisions were made for employee benefits relating to Branch Committee (2011: Nil).

Provision for Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these financial statements.

NOTE 12: CAPITAL AND LEASING COMMITMENTS

There were no capital or leasing commitments as at 30 June 2012 (30 June 2011: Nil).

NOTE 13: CONTINGENT LIABILITIES AND ASSETS

There were no contingent liabilities or assets as at 30 June 2012 (30 June 2011: Nil).

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs in future financial years.

NOTE 15: RELATED PARTY DISCLOSURES

(a) Director and Executive Disclosures

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

The Pharmacy Guild of Australia, Victoria

D R Sanghvi (President, Director of Goldcross Products & Services Pty Ltd and Guild Insurance Limited), G Tambassis (President), R J C Foster (Branch Committee and Director), K Gray, P Krassaris, R Kilpatrick, D McLean, D S Nolte, A Pricolo, T E Riley, B R Robertson, W J Scott (Branch Committee and Director), A Tassone, M V Sheehan (Branch Director)

FRED IT Group Pty Limited -

W J Scott (Director FRED IT Group Pty Limited), R J C Foster (Director FRED IT Group Pty Limited)

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

	2012 \$	2011 \$
NOTE 15: RELATED PARTY DISCLOSURES (Cont'd)		
(b) Balances with Related Parties		
(i) Amounts payable to Related Parties:		
<i>Other Branches - Current:</i>		
The Pharmacy Guild of Australia (National Secretariat)	51,852	29,542
The Pharmacy Guild of Australia (NSW)	177,508	90,173
The Pharmacy Guild of Australia (Queensland)	119,387	72,019
The Pharmacy Guild of Australia (ACT)	2,961	-
The Pharmacy Guild of Australia (SA)	58,740	45,418
The Pharmacy Guild of Australia (Tasmania)	20,354	18,873
The Pharmacy Guild of Australia (NT)	7,970	7,970
The Pharmacy Guild of Australia (WA)	47,708	31,425
(ii) Amounts Receivable from Related Parties:		
<i>Other Branches - Current:</i>		
The Pharmacy Guild of Australia (National Secretariat)	120,394	100,790
The Pharmacy Guild of Australia (NSW)	2,069	-
Guild Pharmacy Academy	342	-
Gold Cross Products and Services Pty Ltd	35,200	30,128
Australian College of Pharmacy Practice, Victorian Branch	-	705
<i>Other Related Parties - Current</i>		
Guild Insurance & Financial Services Ltd	53,488	42,589
Related parties outstanding balances at year end are unsecured, interest free and settlement occurs in cash.		
(c) Transactions with Related Parties		
The following transactions took place with related parties during the reporting period:		
<i>Membership contributions paid by Victorian Branch</i>		
The Pharmacy Guild of Australia National Secretariat	1,274,777	1,173,175
Terms: 58.72% (2011: 57.88%) of gross membership fees received.		
<i>Share of dividends received from Pharmacy Computers Australia Pty Ltd</i>		
The Pharmacy Guild of Australia National Secretariat	18,750	5,000
The Pharmacy Guild of Australia (NSW)	87,336	17,585
The Pharmacy Guild of Australia (Queensland)	47,368	10,345
The Pharmacy Guild of Australia (ACT)	2,961	-
The Pharmacy Guild of Australia (SA)	13,322	5,690
The Pharmacy Guild of Australia (Tasmania)	1,480	1,552
The Pharmacy Guild of Australia (WA)	16,283	9,828
	187,500	50,000

Terms: 25% of the dividends received / receivable from Pharmacy Computers Australia Pty Ltd by the Branch are apportioned as follows: 10% to The Pharmacy Guild of Australia National Secretariat and the balance to other Branches pro-rata based on sales by State.

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

	2012 \$	2011 \$
NOTE 15: RELATED PARTY DISCLOSURES (Cont'd)		
(c) Transactions with Related Parties (cont'd)		
Other Related Parties		
<i>Pharmacy Computers Australia Pty Ltd</i>		
Dividends received	750,000	200,000
Subsidiaries of the Pharmacy Guild of Australia		
<i>Gold Cross Products and Services Pty Ltd</i>		
Commission paid to Victorian Branch for distribution of its material Terms: Based on membership % applied to gross Division income	127,918	99,055
<i>Guild Insurance Company Ltd.</i>		
Commission received from Guild Insurance for business referred from Victorian Branch members Terms: Percentage of business received. Calculated on normal commercial terms	372,723	432,476
Building costs & maintenance paid by Victorian Branch to Guild Properties Victoria Unit Trust Terms: Normal commercial terms	124,869	99,030
(d) Cashflow Movements with Related Parties		
(i) Receipts from Related Parties		
<i>Other Branches</i>		
The Pharmacy Guild of Australia (National Secretariat)	1,018,443	801,092
The Pharmacy Guild of Australia (NSW)	14,266	5,319
Guild Pharmacy Academy	103,200	18,199
Gold Cross Products and Services Pty Ltd	119,944	107,299
Guild Insurance & Financial Services Ltd	414,256	465,513
(ii) Payments to Related Parties		
<i>Other Branches</i>		
The Pharmacy Guild of Australia (National Secretariat)	1,419,217	1,315,124
The Pharmacy Guild of Australia (NSW)	1,300	-
The Pharmacy Guild of Australia (Queensland)	1,630	969
The Pharmacy Guild of Australia (ACT)	1,125	-
The Pharmacy Guild of Australia (Tasmania)	-	90

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of that Group is considered key management personnel.

The totals of remuneration paid to key management personnel of the branch during the year are as follows:

Key Management personnel compensation	500,940	505,786
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 17: FINANCIAL RISK MANAGEMENT

(a) Financial instruments

Financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2012	2011
	\$	\$
Financial Assets		
Cash and cash equivalents	1,312,853	1,520,706
Trade and other receivables	1,661,142	1,283,756
Other assets	762,586	213,748
Total Financial Assets	<u>3,736,581</u>	<u>3,018,210</u>
Financial Liabilities		
Trade and other payables	3,316,100	3,195,784
Total Financial Liabilities	<u>3,316,100</u>	<u>3,195,784</u>
Net fair values	420,481	(177,574)

Prepayments are not regarded as a financial asset.

(b) Economic Dependency

The parent entity is financially dependent on receiving profits and dividend streams from its associated entity FRED IT Group Pty Ltd.

Profit attributable to members of the parent entity	742,748	33,654
Less		
Share of profit from associate (FRED IT Group Pty Ltd)	858,994	239,312
Less allocation of profits to Branches - Note 15(c)	(187,500)	(50,000)
	<u>671,494</u>	<u>189,312</u>
Profit / (Loss) attributable to members of the parent entity after excluding transactions associated with FRED IT Group Pty Ltd	<u>71,254</u>	<u>(155,658)</u>

The share of profit equity accounted for by the Group from FRED IT Group Pty Ltd was \$858,994 at 30 June 2012 (2011: \$239,312). The 2012 dividend proposed to be paid by FRED IT Group Pty Ltd and recognised in Note 6 and Note 9 is \$750,000 (2011: \$200,000)

NOTE 18: RESERVES

Revaluation Reserve

Balance at 1 July	1,327,480	1,210,770
Net Gain / (Loss) from fair value adjustments	116,708	116,710
Balance at 30 June	<u>1,444,188</u>	<u>1,327,480</u>

The revaluation reserve records the revaluations of non-current assets.

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

	2012 \$	2011 \$
NOTE 19: PARENT ENTITY INFORMATION		
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	7,656,066	6,758,857
Non current assets	8,272,702	8,122,381
Total assets	<u>15,928,768</u>	<u>14,881,238</u>
Liabilities		
Current liabilities	3,708,055	3,517,189
Non current liabilities	95,532	98,550
Total liabilities	<u>3,803,587</u>	<u>3,615,739</u>
Net assets	<u>12,125,181</u>	<u>11,265,499</u>
Equity		
Accumulated funds	8,876,988	8,250,725
Asset revaluation reserve	3,248,193	3,014,774
Total equity	<u>12,125,181</u>	<u>11,265,499</u>
STATEMENT OF COMPREHENSIVE INCOME		
Total (loss) / profit	626,263	(83,278)
Other comprehensive income		
Fair value revaluation of investment in The Guild Properties (Victoria) Unit Trust	233,419	233,419
Total comprehensive income	<u>859,682</u>	<u>150,141</u>

There were no guarantees, contingent liabilities or contractual commitments.

NOTE 20: CONTROLLED ENTITIES CONSOLIDATED

	Country of Incorporation	Percentage Owned (%)	
		2012	2011
Subsidiaries of The Pharmacy Guild of Australia, Victoria			
Pharmacy Computers Australia Pty Ltd	Australia	100.00%	100.00%
The Guild (Victoria) Computer Unit Trust	Australia	100.00%	100.00%
Associate of The Pharmacy Guild of Australia, Victoria			
FRED IT Group Pty Ltd	Australia	50.00%	48.59%
The Guild Properties (Victoria) Unit Trust	Australia	93.00%	93.00%

The Branch has 100% ownership of Pharmacy Computers Australia Pty Ltd as trustee for The Guild (Victoria) Computer Unit Trust. Investment in FRED IT Group Pty Ltd is directly held by Pharmacy Computers Australia Pty Ltd.

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

NOTE 21: INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER

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) & (3) of Section 272, which read as follows:

- 1 A member of a reporting unit, or the General Manager, may apply to the reporting unit for specific 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 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 22: BRANCH DETAILS

The registered office and principal place of business is:

40 Burwood Road, Hawthorn VIC 3122

Phone: (03) 98109999
Fax: (03) 98192542
Website: www.guild.org.au/vic
Email: info@vic.guild.org.au

OPERATING REPORT

I, GEORGE TAMBASSIS, being the designated officer responsible for preparing this report for the financial year ended 30 June 2012 of The Pharmacy Guild of Australia, Victoria, report as follows:

(a) *Principal Activities:*

- (i) The Pharmacy Guild of Australia, Victoria 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, Victoria 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, Victoria's Branch President, Director and Officers outlining the activities for the financial year. There were no significant changes in the nature of these activities during the financial year under review.

(b) *Significant Financial Changes:*

There have been no significant changes in The Pharmacy Guild of Australia, Victoria 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 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 *Fair Work (Registered Organisations) Act 2009*; and
- (iii) Section 272 of the *Fair Work (Registered Organisations) Act 2009* outlines members and the General Manager'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 nil.

(e) *Prescribed and other Information:*

- (i) As at 30 June 2012, to which this report relates, the number of members of the organisation were 908, including honorary life members.
- (ii) As at 30 June 2012, the total number of employees employed by the reporting entity was 26.
- (iii) During the reporting period, the following persons were members of the Branch Committee :

Mr G Tambassis (President)	Mr B R Robertson (Vice - President Finance)	
Mr R J C Foster	Mr D Nolte	Mr A Tassone
Mr K Gray	Mr A Pricolo	
Mr R Kilpatrick	Ms T E Riley	
Mr P Krassaris	Mr D R Sanghvi	
Mr D McLean	Mr W J Scott	

(f) *Insurance of Officers:*

During the financial year, The Pharmacy Guild of Australia, Victoria paid insurance to cover all officers of The Pharmacy Guild of Australia, Victoria. The officers of The Pharmacy Guild of Australia, Victoria 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, Victoria. 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, Victoria.



GEORGE TAMBASSIS

14 September 2012

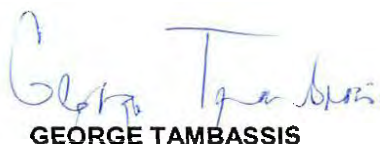
COMMITTEE OF MANAGEMENT STATEMENT

On 14 September 2012, the Committee of Management of The Pharmacy Guild of Australia, Victoria passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2012.

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 General Manager of Fair Work Australia;
- (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, Victoria for the financial year to 30 June 2012;
- (d) there are reasonable grounds to believe that The Pharmacy Guild of Australia, Victoria 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 financial 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, Victoria 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 Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
 - (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, Victoria or the General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished or made available to the member or General Manager of Fair Work Australia; and
 - (vi) no orders have been made by the Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the financial year.

For Committee of Management:



GEORGE TAMBASSIS

Title of Office held:

BRANCH PRESIDENT

14 September 2012

Independent auditor's report to the members of The Pharmacy Guild of Australia - Victoria

We have audited the accompanying financial report of The Pharmacy Guild of Australia - Victoria Branch (The Guild), which comprises the statements of financial position as at 30 June 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended on that date, a summary of significant accounting policies, other explanatory notes and the Committee of Management Statement of The Guild and the entities it controlled at the financial year's end or from time to time during the financial year.

Branch Committee Members' Responsibility for the Financial Report

The Branch Committee Members of the Guild are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and *Fair Work (Registered Organisations) Act 2009* and for such internal controls as the Branch Committee Members 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 Branch Committee Members, 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.

Basis for Qualified Opinion

For the year ended 30 June 2011, the financial report included profit from an associate (FRED IT Group Pty Limited) of \$239,311. FRED IT Group Pty Limited's financial report at 30 June 2012 included goodwill from the acquisition of a subsidiary, FRED Retail Pty Limited (FRED Retail). The audit report of FRED IT Group Pty Limited (FRED IT Group) for the year ended 30 June 2011 was qualified on the basis of insufficient appropriate audit evidence of the recoverable amount of goodwill allocated to the cash generating unit of FRED Retail, and an inability to therefore determine whether its carrying amount exceeded its recoverable amount.

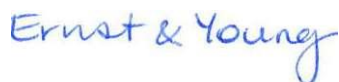
As a result of the qualification of FRED IT Group Pty Limited's audit report, the audit report for The Guild for the year ended 30 June 2011 was also qualified on the basis of insufficient appropriate audit evidence relating to the profit from associate and the carrying value of the investment in associate.

During the current financial year, FRED IT Group fully impaired the carrying value of its goodwill relating to FRED Retail and an impairment expense was included in the Statement of Comprehensive Income of FRED IT Group. The Guild's share of this impairment (\$419,740) has been included in the profit from associates within the financial report of The Guild.

As the results of FRED IT Group are equity accounted into The Guild, we are unable to obtain sufficient appropriate evidence as to whether the comparative profit from associate recognised in the Statement of Comprehensive Income for the year ended 30 June 2011 and the comparative investment and closing retained earning balance recognised in the Statement of Financial Position as at 30 June 2011 were materially misstated. Since the period of recognition of the goodwill impairment within FRED IT Group will affect the determination of the profit from associate within the financial report of the Guild, we are unable to determine whether adjustments to the results from operation and opening retained earnings as at and for the year ended 30 June 2012 might be necessary.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraphs, the financial report of Pharmacy Guild of Australia - Victoria Branch, presents fairly, in all material respects, the financial positions of Pharmacy Guild of Australia - Victoria Branch and the consolidated entity as of 30 June 2012 and their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and *Fair Work (Registered Organisations) Act 2009*.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Fiona M Campbell'.

Fiona M Campbell
Melbourne
14 September 2012
RCA 320131
FCA 89049