



Australian Government
Registered Organisations Commission

30 November 2022

Mr Christopher Owen
Branch President
Pharmacy Guild of Australia

By e-mail: guild.nat@guild.org.au

Dear Mr Owen

Pharmacy Guild of Australia
Financial Report for the year ended 30 June 2022 - FR2022/140

I acknowledge receipt of the financial report for the year ended 30 June 2022 for the Pharmacy Guild of Australia (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 22 November 2022.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

You are not required to take any further action in respect of the report lodged.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission



**The Pharmacy
Guild of Australia**

The Pharmacy Guild of Australia – National Secretariat

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
For the Year Ended 30 June 2022**

In accordance with section 268 of the *Fair Work (Registered Organisations) Act 2009*

I, Christopher Owen, being the National Vice President (Finance) of the Pharmacy Guild of Australia certify that:

1. The documents lodged herewith are copies of the full report for the Pharmacy Guild of Australia – National Secretariat for the period ended 30 June 2022 referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
2. The full report was provided to members of the reporting unit on 22 November 2022; and
3. The full report was presented to a meeting of the National Council of the Pharmacy Guild of Australia on 22 November 2022 in accordance with s266 of the *Fair Work (Registered Organisations) Act 2009*.

**Christopher Owen
National Vice President (Finance)
22 November 2022**

National Secretariat

Level 2, 15 National Circuit, Barton ACT 2600
PO Box 310, Fyshwick ACT 2609
P: +61 2 6270 1888 • F: +61 2 6270 1800 • E: guild.nat@guild.org.au
www.guild.org.au



The Pharmacy Guild of Australia National Secretariat

**Financial Report
For the Year Ended 30 June 2022**

Contents

Operating Report	1
Committee of Management Statement	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Report Required under Subsection 255(2A)	8
Notes to the Financial Statements	9
Independent Auditor's Report	42

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

I, CHRISTOPHER OWEN, being the designated officer responsible for preparing this report for the financial year ended 30 June 2022 of The Pharmacy Guild of Australia - National Secretariat, report as follows:

(a) **Principal Activities:**

- (i) The Pharmacy Guild of Australia ("the Guild") is an employers' organisation servicing the needs of proprietors of independent community pharmacies and to represent their interests in industrial matters.
- (ii) The Guild functions as a single legal entity and reports under the *Fair Work (Registered Organisations) Regulations 2009*.
- (iii) The development of Guild policy is the responsibility of the Guild's supreme governing body, the National Council, on which all State and Territory Branches are represented.
- (iv) The implementation of this policy is overseen by the National Executive through the National Secretariat.
- (v) The National Council also defines projects or areas of investigation that may include the development of objectives and targets. The Executive Director of the National Secretariat defines these objectives and targets based on the National Council directions and also self generated issues.
- (vi) These issues are referred to the various National Secretariat Teams who deliver the projects and services that address the various objectives and targets set for them.
- (vii) Included in the Annual Report is a report outlining the activities for the year. There were no significant changes in the nature of these activities during the year under review.

(b) **Significant financial changes:**

There have been no significant changes in the National Secretariat's principal activities or financial affairs during the period to which this report relates.

(c) **Members advice:**

- (i) Under Section 174 of the *Fair Work (Registered Organisations) Act 2009* and Rule 36 of the Constitution of the Guild, a member may resign from membership by written notice addressed and delivered to the Branch Director;
- (ii) The register of members of the organisation was maintained in accordance with the *Fair Work (Registered Organisations) Act 2009*; and
- (iii) Section 272 of the *Fair Work (Registered Organisations) Act 2009* outlines members and the General Manager of the Fair Work Commission's rights to certain prescribed information. This information is detailed in Note 4 of the financial statements.

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

- (i) As at 30 June 2022 to which this report relates the number of members of the organisation was 3,987.
- (ii) As at 30 June 2022 the total number of employees employed by the reporting entity was 67.
- (iii) During the financial year ended 30 June 2022 the following persons were members of National Council for the whole period, unless otherwise stated:

S. Blacker	N. Panayiaris
J.C. Dowling	J. Plunkett
P. Hatswell	G. Scarlett
D. Heffernan	A. Seeto
P. Krassaris	A. Tahan
A. Ngeow	A. Tassone
H. O'Byrne	T. Twomey
C. Owen	N. Willis

Officers and members who are superannuation fund trustees or director of a company that is a superannuation fund trustee, because they are an officer or member of the Guild:

- (iv) During the reporting period the following members of National Council were directors of Guild Trustee Services Pty Limited, the trustee for the Guild Retirement Fund, which includes GuildSuper, GuildPension and Child Care Super, for the whole period, unless otherwise stated:

N. Panayiaris

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

CHRISTOPHER OWEN

12 October 2022

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

We, TRENT TWOMEY and CHRISTOPHER OWEN, being two members of the National Council of The Pharmacy Guild of Australia, do state on behalf of the National Council and in accordance with a resolution passed by the National Council on 12 October 2022 that in relation to the General Purpose Financial Report of the National Secretariat, the opinion of National Council is as follows:

- (a) the attached financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirement imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial position of the National Secretariat as at 30 June 2022 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2022;
- (d) there are reasonable grounds to believe that the National Secretariat will be able to pay its debts as and when they become due and payable;
- (e) during the year to which the attached General Purpose Financial Report relates and since the end of that year:
 - (i) meetings of the National Council were held in accordance with the rules of the organisation;
 - (ii) the financial affairs of the National Secretariat have been managed in accordance with the rules of the organisation;
 - (iii) the financial records of the National Secretariat have been kept and maintained in accordance with the RO Act and the *Fair Work (Registered Organisations) Regulations 2009*;
 - (iv) the financial records of the National Secretariat have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation;
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.



TRENT TWOMEY
12 October 2022



CHRISTOPHER OWEN
12 October 2022

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 \$	2021 \$
Income			
Revenue from contracts with customers	5	27,760,866	19,076,288
Other income	5	10,295,962	20,349,441
		<u>38,056,828</u>	<u>39,425,729</u>
Expenses			
Remuneration and employee benefits expense	6	(10,196,938)	(11,357,174)
Depreciation and amortisation	6	(940,337)	(1,060,705)
Other expenses	6	(32,317,658)	(20,291,800)
		<u>(43,454,933)</u>	<u>(32,709,679)</u>
Net surplus / (deficit)		<u>(5,398,105)</u>	<u>6,716,050</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income / (loss)		<u>(5,398,105)</u>	<u>6,716,050</u>
Total comprehensive income / (loss) attributable to the members of the Pharmacy Guild of Australia		<u>(5,398,105)</u>	<u>6,716,050</u>

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and short-term deposits	7	5,412,440	14,007,128
Trade and other receivables	8	5,616,009	3,257,867
Other current assets	9	903,763	886,430
Total current assets		11,932,212	18,151,425
Non-current assets			
Interests in related parties	10	21,420,064	21,420,064
Other financial assets	10	37,643,466	32,421,835
Property, plant and equipment	11	456,139	492,960
Intangible assets	12	43,549	216,450
Right-of-use assets	13	5,684,976	6,487,358
Total non-current assets		65,248,194	61,038,667
TOTAL ASSETS		77,180,406	79,190,092
LIABILITIES			
Current liabilities			
Trade and other payables	14	3,820,954	3,035,632
Government grants and project funds held		196,586	2,059,588
Interest-bearing loans and borrowings	15	5,023,147	-
Contract liabilities	16	300,754	189,483
Employee benefit liabilities	17	1,611,655	1,727,916
Lease liabilities	13	440,310	409,195
Total current liabilities		11,393,406	7,421,814
Non-current liabilities			
Contract liabilities	16	213,623	211,975
Employee benefit liabilities	17	133,464	182,695
Lease liabilities	13	6,149,931	6,685,521
Total non-current liabilities		6,497,018	7,080,191
TOTAL LIABILITIES		17,890,424	14,502,005
NET ASSETS		59,289,982	64,688,087
MEMBERS FUNDS			
Reserves	18(a)	4,022,358	2,832,092
Accumulated funds	18(b)	55,267,624	61,855,995
		59,289,982	64,688,087

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	Accumulated Funds \$	National Fighting Fund Reserve \$	Total Equity \$
Balance as at 30 June 2020	18	56,200,969	1,771,068	57,972,037
Net surplus for the period		6,716,050	-	6,716,050
Other comprehensive income		-	-	-
Total comprehensive income		<u>6,716,050</u>	<u>-</u>	<u>6,716,050</u>
Transfers to National Fighting Fund reserve from accumulated funds		<u>(1,061,024)</u>	<u>1,061,024</u>	<u>-</u>
Balance as at 30 June 2021	18	<u>61,855,995</u>	<u>2,832,092</u>	<u>64,688,087</u>
Net surplus for the period		(5,398,105)	-	(5,398,105)
Other comprehensive income		-	-	-
Total comprehensive income		<u>(5,398,105)</u>	<u>-</u>	<u>(5,398,105)</u>
Transfers to National Fighting Fund reserve from accumulated funds		<u>(1,190,266)</u>	<u>1,190,266</u>	<u>-</u>
Balance as at 30 June 2022	18	<u>55,267,624</u>	<u>4,022,358</u>	<u>59,289,982</u>

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 \$	2021 \$
Operating activities			
Receipts from operations		32,771,185	22,429,173
Interest received		765,266	789,341
Distributions from managed funds		886,011	820,324
Government grants and project funds received		2,514,950	4,103,736
Interest payments on lease liabilities		(413,880)	(430,076)
Payments to suppliers and employees		(43,685,672)	(34,637,547)
Net cash flows used in operating activities	7(b)	<u>(7,162,140)</u>	<u>(6,925,049)</u>
Investing activities			
Purchase of property, plant and equipment		(36,816)	(143,402)
Purchase of intangible assets		-	(13,486)
Proceeds from sale of property, plant and equipment		3,091	3,590
Proceeds from disposal of financial instruments		-	5,000,000
Loan repayment by Members		-	56,000
Purchase of shares in Guild Group Holdings Ltd		-	(6,290,990)
Proceeds from sale of shares in Gold Cross Products & Services Pty Ltd		-	6,290,990
Proceeds from sale of units in managed funds		-	15,099,619
Purchase of units in managed funds		(6,000,000)	(14,790,898)
Net cash flows from / (used in) investing activities		<u>(6,033,725)</u>	<u>5,211,423</u>
Financing activities			
Loan from Guild Group Holdings Limited		5,000,000	-
Repayment of lease liabilities		(398,823)	(402,292)
Net cash flows from/(used in) financing activities		<u>4,601,177</u>	<u>(402,292)</u>
Net decrease in cash and cash equivalents		(8,594,688)	(2,115,918)
Cash and cash equivalents at beginning of period		14,007,128	16,123,046
Cash and cash equivalents at end of period	7	<u><u>5,412,440</u></u>	<u><u>14,007,128</u></u>

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
Categories of expenditures		
Remuneration, and other employment-related costs and expenses, in respect of employees	10,196,938	11,357,174
Advertising	7,288,193	109,726
Operating costs	1,082,166	1,009,347
Donations to political parties	324,993	127,890
Legal costs	372,323	411,464

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

NOTE 1 ORGANISATIONAL INFORMATION

The financial statements of The Pharmacy Guild of Australia - National Secretariat (the Guild) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution passed by the National Council on 12 October 2022.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Fair Work (Registered Organisations) Act 2009*.

The financial report is prepared on the basis that the Guild is a not-for-profit entity.

The financial report has also been prepared on a historical cost basis, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. The financial report is presented in Australian dollars.

Where necessary, comparatives have been reclassified for consistency with current year disclosures.

To meet the reporting requirements of section 255 of the *Fair Work (Registered Organisations) Act 2009* the Guild has determined that it meets the requirements of paragraph 4 of *AASB 10 Consolidated Financial Statements* that permit an exemption from preparing consolidated financial statements. Instead these financial statements are separate financial statements and the accounting policies applied to investment in subsidiaries, jointly controlled entities and associates are listed in note 10 which disclose their measurement at cost. Under the Registered Rules of the Pharmacy Guild of Australia, the Guild prepares a separate set of consolidated financial statements which are available for all members upon request (or distributed to all members separately).

b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB).

c) New Australian accounting standards

Changes in accounting policy

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

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

c) New Australian accounting standards (cont'd)

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Guild for the annual reporting period ended 30 June 2022. These are outlined below.

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 2020-1	<i>Classification of liabilities as current or non-current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.	1 January 2023	The Guild has not yet determined the impact of the amendments	1 July 2023

d) Revenue Recognition

The entity enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, accreditations, administration of government programs and grants.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the entity has a contract with a customer, the entity recognises revenue when or as it transfers control of goods or services to the customer. The entity accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the entity.

The entity recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the entity's promise to stand ready to provide assistance and support to the member as required.

For member subscriptions paid annually in advance, the entity has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

Capitation fees

Where the entity's arrangement with a branch or another reporting unit meets the criteria to be a contract with a customer, the entity recognises the capitation fees promised under that arrangement when or as it transfers the goods or services that will transfer as part of the specific promise to the branch/other reporting unit.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

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

d) Revenue Recognition (cont'd)

In circumstances where the criteria for a contract with a customer are not met, the entity will recognise capitation fees as income upon receipt.

Accreditation Fees

For accreditation arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised services are transferred to the customer, being an accredited pharmacy.

The entity recognises revenue at the point in time that the accreditation service is provided, that is when the accreditation is issued.

Administration of Government Programs

Revenue from the administration of government programs is recognised over the period of time that the contractual performance obligations are satisfied.

Interest

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other revenue in the statement of comprehensive income.

Dividends

Revenue is recognised when the Guild's right to receive the dividend payment is established, which is generally when the dividend is declared.

e) Government Grants

Grants received on the enforceable condition that sufficiently specific services are delivered are considered to be an arrangement that meets the criteria of a contract with a customer. Such grants are initially recognised as a liability when the grant is received, and revenue is recognised as performance obligations are fulfilled.

In circumstances where the criteria for a contract with a customer are not met, the entity will recognise grant revenue upon receipt.

f) Leases

The entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Entity as a lessee

The entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The entity recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

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

f) Leases (cont'd)

Land & buildings	13.5 years
Plant and equipment	2 to 3 years

If ownership of the leased asset transfers to the reporting unit at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the entity and payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the entity uses the incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The entity's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

g) Cash and Short-Term Deposits

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

h) Taxes

Income taxes

The Pharmacy Guild of Australia is exempt from income tax under section 50-15 of the *Income Tax Assessment Act 1997*.

Goods and Services Tax (GST)

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

- i) when the GST incurred on a sale or purchase of goods and services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

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

h) Taxes (cont'd)

- ii) when receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

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.

i) Property, Plant and Equipment

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

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

Plant and equipment - 3 to 10 years

Motor vehicles - 5 years

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

Derecognition and disposal

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

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

j) Intangible assets (cont'd)

whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Guild can demonstrate:

- i) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development
- vi) The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in the income statement. During the period of development, the asset is tested for impairment annually.

A summary of the policies applied to the Guild's intangible assets is as follows:

<i>Class</i>	<i>Useful Lives</i>	<i>Amortisation Method Used</i>	<i>Internally Generated or Acquired</i>
Software	Finite – 1 to 10 years	Amortised on a straight-line basis	Acquired

k) Financial assets - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Contract assets and receivables

A contract asset is recognised when the Guild's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Guild's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment.

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Guild's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Guild has applied the practical expedient, the Guild initially measures a financial asset at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

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

k) Financial assets - initial recognition and subsequent measurement (cont'd)

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15. Refer to the accounting policies in section (c) Revenue Recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Guild's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

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

i) Financial assets at amortised cost (debt instruments)

The Guild measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

The Guild's assets at amortised cost includes trade receivables, term deposits included under other current financial assets, and loans to a jointly controlled entity, controlled entities and members included under other non-current financial assets.

ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Guild has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through"

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

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

k) Financial assets - initial recognition and subsequent measurement (cont'd)

arrangement; and either (a) the Guild has transferred substantially all the risks and rewards of the asset, or (b) the Guild has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Guild recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Guild expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Guild applies a simplified approach in calculating ECLs. Therefore, the Guild does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Guild has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Guild considers a financial asset in default when internal or external information indicates that the Guild is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Guild. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

l) Impairment of non-financial assets

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

Value in use for Guild assets is taken to be its current replacement cost (where the Guild would replace the asset if it was deprived of it) as the future economic benefits of the assets are not primarily dependent on the asset's ability to generate future cash flows.

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

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

For assets excluding goodwill, an assessment is made at each reporting date whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Guild estimates

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

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

l) Impairment of non-financial assets (cont'd)

the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

m) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Guild's financial liabilities include trade and other payables, and loans and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Guild. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

n) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Guild prior to the end of the financial year that are unpaid and arise when the Guild becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and are usually paid within 30 days of recognition.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

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

o) Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Guild transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Guild performs under the contract (i.e., transfers control of the related goods or services to the customer).

p) Provisions and employee benefits

General

Provisions are recognised when the Guild has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Guild expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

Employee leave benefits

i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

q) Fair value measurement

The Guild measures financial instruments, such as, financial assets at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Guild. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Guild uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

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

q) Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Guild determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Guild has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

r) Current versus non-current classification

The Guild presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the Guild's normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Guild classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the Guild's normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Guild classifies all other liabilities as non-current.

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

a) Long service leave provision

The liability for long service leave is recognised and measured at the present values of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

b) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

c) Impairment of assets

The Guild assesses impairment of all assets at each reporting date by evaluating conditions specific to the Guild that may lead to impairment of assets. If an impairment trigger exists the recoverable amount of the asset is determined.

d) Leases – Estimating the incremental borrowing rate

The Guild cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Guild would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Guild 'would have to pay', which requires estimation when no observable rates are available (such as for entities that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

NOTE 4 INFORMATION TO BE PROVIDED TO MEMBERS OR COMMISSIONER

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of sub-sections (1), (2), and (3) of section 272 which read as follows:

Information to be provided to members or Commissioner

- 1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- 2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- 3) A reporting unit must comply with an application made under subsection (1).

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 5 INCOME		
Revenue from contracts with customers		
Membership subscriptions	4,113,414	3,968,390
Capitation fees	-	-
Levies (compulsory or voluntary)	-	-
Quality Care Pharmacy Program (QCPP) income:		
Accreditation fees	12,523,061	12,471,806
Administration of government programs	365,683	1,060,810
Training module development and hosting	436,675	529,067
Contributions for project work	3,170,136	562,631
Pharmacy resource tools	982	1,073
Vaccination services	7,150,915	482,511
	<u>27,760,866</u>	<u>19,076,288</u>
 Component of membership subscriptions allocated to the Fighting Fund	 <u>1,542,530</u>	 <u>1,488,146</u>
 Other income		
Commissions from controlled entity	1,289,259	1,322,875
Distribution income from managed funds	1,528,434	157,677
Fair value gain / (loss) on instruments at fair value through profit and loss	(778,370)	299,357
Net gain on sale of financial assets at fair value through profit and loss	-	1,219,502
Interest received:		
Controlled entities	739,696	644,589
Other entities	25,643	94,559
Government grants and project funds	3,166,063	6,067,183
Recovery of wages activity	-	-
Referral fees from controlled entity	3,607,167	3,587,303
Rent received from branches	41,024	-
Sponsorship income	124,204	116,545
Gain on sale of shares in controlled entities*	-	6,290,186
Other income	552,842	549,665
	<u>10,295,962</u>	<u>20,349,441</u>
	<u><u>38,056,828</u></u>	<u><u>39,425,729</u></u>

*Shares held in Gold Cross Products and Services Pty Limited were sold to Guild Insurance Limited, a subsidiary of Guild Group Holdings Limited, for a price of \$6,290,990. The sale of these shares resulted in a gain of \$6,290,186.

NOTE 6 EXPENSES

Remuneration and employee benefits expense		
Wages and salaries - officers	818,702	976,170
Wages and salaries - employees (other than officers)	7,375,194	8,283,735
Superannuation - officers	68,142	67,309
Superannuation - employees (other than officers)	762,040	963,382
Provision for annual leave - officers	23,278	(19,230)
Provision for annual leave - employees (other than officers)	206,958	170,224
Provision for long service leave - officers	588	(63,941)
Provision for long service leave - employees (other than officers)	76,076	100,169
Separation and redundancies - officers	-	-
Separation and redundancies - employees (other than officers)	172,863	141,166
Other on-costs (payroll tax and workers compensation expenses)	693,097	738,190
Total remuneration and employee benefits expense	<u><u>10,196,938</u></u>	<u><u>11,357,174</u></u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 6 EXPENSES (cont'd)		
Depreciation and amortisation		
Depreciation of property, plant and equipment	161,377	144,818
Amortisation of intangible assets	172,901	282,401
Depreciation of right-of-use assets	606,059	633,486
	<u>940,337</u>	<u>1,060,705</u>
Other expenses		
Administrative expenses	763,831	789,937
Affiliation fees (a)	89,061	81,462
Audit fees	100,620	96,983
Bank fees	43,000	51,789
Branch funding - pharmacy service support	4,126,882	4,126,882
Branch funding - legal assistance	-	71,874
Branch funding - projects	71,535	266,477
Communication and marketing	189,467	109,726
Consultants expenses	1,787,701	1,443,754
Donations and grants (b)	324,993	145,027
E-learning and training material expenses	176,123	123,590
Government grant expenses and program payments	3,084,793	4,530,801
Interest expense	23,147	-
Interest on lease liabilities	413,879	430,076
Legal expenses - other legal matters	372,323	411,464
Loss on disposal of fixed assets	(163)	55,680
Meeting expenses:		
National Council	199,607	243,113
Committee expenses	24,088	34,303
Other meeting expenses	6,728	3,837
National membership database	75,699	75,315
Public relations campaigns	7,098,725	-
QCPP assessment expenses	2,707,020	3,889,065
Special projects	1,129,480	765,364
Subsidies to branches	923,283	628,352
Travel expenses (local and overseas)	199,636	92,306
Vaccination services	6,986,734	401,795
Other expenses	1,399,466	1,422,828
Total other expenses	<u>32,317,658</u>	<u>20,291,800</u>
(a) Affiliation fees paid to each political party, federation, congress, council or group of organisations, or any international body having an interest in industrial matters:		
Australian Chamber of Commerce and Industry	57,500	57,500
Council of Small Business of Australia	10,000	7,500
World Pharmacy Council	21,561	16,462
	<u>89,061</u>	<u>81,462</u>
(b) Grants or donations paid:		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	5,452	1,945
Total paid that exceeded \$1,000	319,541	143,081
	<u>324,993</u>	<u>145,027</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$

NOTE 7 CASH AND SHORT-TERM DEPOSITS

Guild cash

Cash at bank and on hand	5,134,174	12,018,118
--------------------------	-----------	------------

Cash held in trust

Cash at bank held in trust (a)	278,266	1,989,010
	278,266	1,989,010

Total cash and short-term deposits	5,412,440	14,007,128
---	------------------	-------------------

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(a) Cash at bank held in trust

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

(b) Reconciliation to statement of cash flows

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

Cash at bank and on hand	5,412,440	14,007,128
--------------------------	-----------	------------

Reconciliation of operating surplus to net cash flows from operations:

Operating surplus / (deficit)	(5,398,105)	6,716,050
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	161,377	144,818
Amortisation of intangible assets	172,901	282,401
Depreciation of right of use assets	606,059	633,486
Net (gain)/loss on disposal of fixed assets	(163)	55,680
Net (gain) on de-recognition of Right-of-use asset	-	(7,419)
Realised gains on sale of shares	-	(6,290,186)
Fair value gain / (loss) on instruments at fair value through profit and loss	778,370	(299,357)
Net gain on sale of financial assets at fair value through profit and loss	-	(1,219,502)
Interest capitalised to loan balance payable	23,147	-
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in trade and other receivables	(2,651,505)	545,364
(Increase) / decrease in other current assets	(17,333)	(100,942)
Increase / (decrease) in trade and other payables	709,528	779,124
Increase / (decrease) in employee benefit liabilities	(165,492)	(351,637)
Increase / (decrease) in contract liabilities	112,919	(58,008)
Increase / (decrease) in net GST payable	369,159	(740,953)
Increase / (decrease) in government grants and project funds	(1,863,002)	(7,013,968)
Net cash flows used in operating activities	(7,162,140)	(6,925,049)

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 7 CASH AND SHORT-TERM DEPOSITS (cont'd)		
(c) Related party operating cash flows		
Cash inflows		
Branches:		
New South Wales	1,736,334	1,638,714
Victoria	986,858	950,584
Queensland	1,004,370	985,667
South Australia	405,594	352,724
Western Australia	649,930	631,763
Tasmania	590,151	486,770
Australian Capital Territory	186,738	148,031
Northern Territory	119,790	39,915
Other related parties:		
Gold Cross Products and Services Pty Ltd, a subsidiary of Guild Insurance Ltd	1,473,618	1,512,248
Guild Group Holdings Limited	509,966	492,432
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd	45,927	42,890
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	3,995,319	3,417,346
Guild Financial Services Ltd, a subsidiary of Guild Group Holdings Ltd	5,500	5,500
Fred Health Pty Ltd, an associate of the Victoria Branch	5,500	5,500
Australian College of Pharmacy Ltd, a subsidiary of the Queensland Branch	269	-
Total related party cash inflows from operating activities	11,715,863	10,710,084
Cash outflows		
Branches:		
New South Wales	(1,335,578)	(1,352,191)
Victoria	(849,551)	(886,580)
Queensland	(783,650)	(1,131,271)
South Australia	(475,287)	(495,179)
Western Australia	(619,100)	(681,247)
Tasmania	(525,036)	(432,145)
Australian Capital Territory	(497,152)	(430,453)
Northern Territory	(430,959)	(557,959)
Other related parties		
Gold Cross Products and Services Pty Ltd, a subsidiary of Guild Insurance Ltd	(3,608)	(3,941)
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd	(978,087)	(339,876)
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	(205,858)	(141,629)
Meridian Lawyers Ltd, a subsidiary of Guild Group Holdings Ltd	(262,976)	(263,917)
Guild Properties (VIC) Unit trust, a subsidiary of the Victoria Branch	-	(86,241)
Australian College of Pharmacy Ltd, a subsidiary of the Queensland Branch	(400,352)	-
RXPG Pty Ltd, a company controlled by the spouse of the National president	(20,638)	-
Total related party cash outflows used in operating activities	(7,387,834)	(6,802,629)

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$

NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)

Trade and other receivables	3,029,206	511,292
Net GST receivable	-	293,363
	3,029,206	804,655
Amounts receivable from related entities:		
Branch debtors	573,149	465,317
Gold Cross Products and Services Pty Ltd, a subsidiary of Guild Insurance Ltd	407,634	390,355
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	1,601,974	1,594,255
Guild Group Holdings Limited	48	209
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd	3,971	3,076
Australian College of Pharmacy Ltd, a subsidiary of the Queensland Branch	27	-
Carrying amount of trade and other receivables	<u>5,616,009</u>	<u>3,257,867</u>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

(a) Related party receivables

Branch debtors as at 30 June comprised:

New South Wales	216,447	191,919
Victoria	122,947	92,292
Queensland	129,095	64,749
South Australia	28,297	20,270
Western Australia	28,520	22,455
Tasmania	22,197	62,648
Australian Capital Territory	10,120	2,758
Northern Territory	15,526	8,225
	<u>573,149</u>	<u>465,317</u>

Allowance for expected credit loss	-	-
	<u>573,149</u>	<u>465,317</u>

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

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

(b) Fair values

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

NOTE 9 OTHER CURRENT ASSETS (CURRENT)

Prepayments	903,763	886,430
	<u>903,763</u>	<u>886,430</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
NOTE 10 FINANCIAL ASSETS (NON-CURRENT)		
Interests in Related Parties		
At Cost		
Investments in controlled entities:		
Shares in controlled entities - unlisted		
GuildNET Pty Limited		
18 ordinary shares (2022: 100%, 2021: 100%)	18	18
Guild Group Holdings Limited		
3,585,434 ordinary shares at \$1 per share (2022: 100%, 2021: 100%)	3,585,434	3,585,434
20,000 ordinary shares at \$100 per share (2022: 100%, 2021: 100%)	2,000,000	2,000,000
282,272 ordinary shares at \$33.81 per share (2022: 100%, 2021: 100%)	9,543,619	9,543,619
186,069 ordinary shares at \$33.81 per share (2022: 100%, 2021: 100%)	6,290,990	6,290,990
National Pharmacy Television Pty Limited		
1 ordinary share (2022: 100%, 2021: 100%)	1	1
	<u>21,420,062</u>	<u>21,420,062</u>
Investment in jointly controlled entity:		
Shares in jointly controlled entity - unlisted		
Australian Association of Consultant Pharmacy Pty Limited		
2 ordinary shares at cost (2022: 50%, 2021: 50%)	2	2
Total interests in related parties	<u>21,420,064</u>	<u>21,420,064</u>
Other Financial Assets		
Financial Assets at Amortised Cost		
Unsecured loans to jointly controlled entity:		
Australian Association of Consultant Pharmacy Pty Limited	80,000	80,000
Unsecured loans to controlled entities:		
Gold Cross Products and Services Pty Ltd, a subsidiary of Guild Insurance Ltd	411,580	411,580
Unsecured promissory notes (controlled entities):		
Guild Group Holdings Limited	16,840,000	16,840,000
Total Financial Assets at Amortised Cost	<u>17,331,580</u>	<u>17,331,580</u>
Financial Assets at Fair Value through Profit or Loss		
Managed funds	20,311,886	15,090,255
Total Financial Assets at Fair Value through Profit or Loss	<u>20,311,886</u>	<u>15,090,255</u>
Total Other Financial Assets	<u>37,643,466</u>	<u>32,421,835</u>
Total Financial Assets (Non-current)	<u>59,063,530</u>	<u>53,841,899</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022**

NOTE 10 FINANCIAL ASSETS (NON-CURRENT) (Cont'd)

(a) Financial Assets at Amortised Cost

(i) Guild Group Holdings Limited

On 30 June 2014, Guild Group Holdings Limited issued to the Pharmacy Guild of Australia - National Secretariat 1,684 unsecured promissory notes at an issue price of \$10,000 each (total value of \$16,840,000). These notes have a term of 14 years and 11 months and are repayable on 31 May 2029. The rate of interest applicable to the notes is the 180 Day Bank Bill Discount Rate plus 400 basis points. The rate of interest is determined on a six monthly basis and the interest payable is cumulative and accrues daily.

In the event of a *non-viability trigger event* the Notes will immediately and irrevocably, in the first instance, be converted into ordinary shares of Guild Group Holdings Limited, or failing that, written off, the extent to which is dependent upon the type of non-viability trigger event specified below.

A *non-viability trigger event* occurs when the Australian Prudential Regulation Authority (APRA) notifies Guild Group Holdings Ltd (GGHL) in writing that it believes that (a) the conversion or write-off of Notes is necessary because, without conversion or write-off, Guild Group Holdings Limited would become non-viable (Event A); or (b) that without a public sector injection of capital, or equivalent support, Guild Group Holdings Limited would become non-viable (Event B).

For an Event A, the extent of the conversion or write-off shall be determined by GGHL that is necessary to enable APRA to conclude that GGHL is viable without further conversion or write-off.

For an Event B, GGHL must immediately convert or write-off the Notes in full.

(ii) Gold Cross Products and Services Pty Ltd, a subsidiary of Guild Insurance Ltd

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

(b) Fair values

Management have assessed that the fair values of cash, trade receivables, trade payables, and other current liabilities as being approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Long-term receivables are evaluated by the Guild based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed party. Based on this evaluation, allowances are taken into account for any expected losses of these receivables.

Managed funds are evaluated based on the withdrawal price for funds in the managed investment scheme.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 11 PROPERTY, PLANT AND EQUIPMENT		
Reconciliation of carrying amounts at the beginning and end of period		
Office equipment - at cost		
As at 1 July, net of accumulated depreciation and impairment	385,139	315,220
Additions	127,483	236,411
Disposals	(2,927)	(21,674)
Depreciation	(161,377)	(144,818)
As at 30 June, net of accumulated depreciation and impairment	<u>348,318</u>	<u>385,139</u>
Cost	1,573,103	2,427,550
Accumulated depreciation and impairment	(1,224,785)	(2,042,411)
Net carrying amount	<u>348,318</u>	<u>385,139</u>
Motor vehicles - at cost		
As at 1 July, net of accumulated depreciation and impairment	-	-
As at 30 June, net of accumulated depreciation and impairment	<u>-</u>	<u>-</u>
Cost	25,760	25,760
Accumulated depreciation and impairment	(25,760)	(25,760)
Net carrying amount	<u>-</u>	<u>-</u>
Artwork - at cost		
As at 1 July, net of accumulated depreciation and impairment	91,195	91,195
As at 30 June, net of accumulated depreciation and impairment	<u>91,195</u>	<u>91,195</u>
Net carrying amount	<u>91,195</u>	<u>91,195</u>
Antiques - at cost		
As at 1 July, net of accumulated depreciation and impairment	16,626	16,626
As at 30 June, net of accumulated depreciation and impairment	<u>16,626</u>	<u>16,626</u>
Net carrying amount	<u>16,626</u>	<u>16,626</u>
Total Property, Plant and Equipment - at cost		
As at 1 July, net of accumulated depreciation and impairment	492,960	423,041
Additions	127,483	236,411
Disposals	(2,927)	(21,674)
Depreciation	(161,377)	(144,818)
As at 30 June, net of accumulated depreciation and impairment	<u>456,139</u>	<u>492,960</u>
Cost	1,706,684	2,561,131
Accumulated depreciation and impairment	(1,250,545)	(2,068,171)
Net carrying amount	<u>456,139</u>	<u>492,960</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$

NOTE 12 INTANGIBLE ASSETS

Reconciliation of carrying amounts at the beginning and end of period

Software - at cost

As at 1 July, net of accumulated amortisation and impairment	216,450	522,959
Additions	-	13,486
Disposals	-	(37,594)
Amortisation	(172,901)	(282,401)
As at 30 June, net of accumulated amortisation and impairment	<u>43,549</u>	<u>216,450</u>
Cost	1,549,816	1,549,816
Accumulated amortisation and impairment	(1,506,267)	(1,333,366)
Net carrying amount	<u>43,549</u>	<u>216,450</u>

NOTE 13 LEASES

Entity as a lessee

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Land and buildings

As at 1 July, net of accumulated depreciation and impairment	6,304,075	6,890,935
Re-measurement of lease liability due to lease modification	(196,323)	(10,387)
Depreciation	(548,180)	(576,473)
As at 30 June, net of accumulated amortisation and impairment	<u>5,559,572</u>	<u>6,304,075</u>
Cost	7,228,712	7,425,034
Accumulated depreciation and impairment	(1,669,140)	(1,120,959)
Net carrying amount	<u>5,559,572</u>	<u>6,304,075</u>

Office equipment

As at 1 July, net of accumulated depreciation and impairment	183,283	114,147
Additions	-	231,516
Disposals	-	(105,366)
Depreciation	(57,879)	(57,013)
As at 30 June, net of accumulated amortisation and impairment	<u>125,404</u>	<u>183,283</u>
Cost	231,516	231,516
Accumulated depreciation and impairment	(106,112)	(48,233)
Net carrying amount	<u>125,404</u>	<u>183,283</u>

Total right-of-use assets

As at 1 July, net of accumulated depreciation and impairment	6,487,358	7,005,082
Re-measurement of lease liability due to lease modification	(196,323)	(10,387)
Additions	-	231,516
Depreciation	(606,059)	(633,486)
Disposal	-	(105,366)
As at 30 June, net of accumulated amortisation and impairment	<u>5,684,976</u>	<u>6,487,358</u>
Cost	7,460,228	7,656,550
Accumulated depreciation and impairment	(1,775,252)	(1,169,192)
Net carrying amount	<u>5,684,976</u>	<u>6,487,358</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$

NOTE 13 LEASES (Cont'd)

Leases

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Land & Buildings

As at 1 July	6,906,972	7,173,880
Re-measurement of lease liability due to lease modification	(196,323)	(10,387)
Additions	90,670	93,009
Accretion of interest	404,124	418,867
Payments	(747,456)	(768,398)
As at 30 June	<u>6,457,987</u>	<u>6,906,972</u>

Office equipment

As at 1 July	187,744	121,775
Additions	-	231,516
Accretion of interest	9,755	11,209
Termination	-	(112,786)
Payments	(65,246)	(63,970)
As at 30 June	<u>132,253</u>	<u>187,744</u>

Total leases

As at 1 July	7,094,716	7,295,655
Re-measurement of lease liability due to lease modification	(196,323)	(10,387)
Additions	90,670	324,525
Accretion of interest	413,879	430,076
Termination	-	(112,786)
Payments	(812,702)	(832,367)
As at 30 June	<u>6,590,240</u>	<u>7,094,716</u>

Current	440,310	409,195
Non-current	6,149,931	6,685,521
	<u>6,590,241</u>	<u>7,094,716</u>

The maturity analysis of lease liabilities is disclosed in Note 23(v).

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	606,059	633,486
Interest expense on lease liabilities	413,879	430,076
Total amount recognised in profit or loss	<u>1,019,938</u>	<u>1,063,562</u>

The following provides information on the Guild's variable lease payments, including the magnitude in relation to fixed payments:

Fixed rent	(812,702)	(832,367)
Variable rent with minimum payment	-	-
Variable rent only	-	-
	<u>(812,702)</u>	<u>(832,367)</u>

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

Extension options not expected to be exercised	-	-
Termination options expected to be exercised	-	-
	<u>-</u>	<u>-</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$

NOTE 14 TRADE AND OTHER PAYABLES (CURRENT)

Trade and other payables	1,280,101	967,191
Accrued expenses	1,123,609	1,377,546
Amounts payable to related entities:		
Branch creditors	986,405	414,297
Gold Cross Products and Services Pty Limited	-	53
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	19,347	7,718
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd	110,000	259,582
Meridian Lawyers Limited, a subsidiary of Guild Group Holdings Ltd	59,108	9,245
Australian College of Pharmacy Ltd, a subsidiary of the Queensland Branch	163,468	-
The Guild Properties (QLD) Unit Trust, a subsidiary of the Queensland Branch	3,120	-
Consideration for employers making payroll deductions of membership subscriptions	-	-
Net GST payable	75,796	-
Amounts held on trust:		
Medicines Partnership of Australia (MPA)	-	-
	<u>3,820,954</u>	<u>3,035,632</u>
Legal fees payable		
- In respect of litigation	-	-
- In respect of other legal matters	68,871	10,961
	<u>68,871</u>	<u>10,961</u>

(a) Fair value

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

(b) Related party payables

Branch creditors as at 30 June comprised:

New South Wales	17,225	4,290
Victoria	27,006	5,024
Queensland	348,034	1,522
South Australia	45,276	10,812
Western Australia	27,220	21,868
Tasmania	265,157	166,638
Australian Capital Territory	92,190	66,099
Northern Territory	164,297	138,044
	<u>986,405</u>	<u>414,297</u>

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

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

NOTE 15 INTEREST-BEARING LOANS AND BORROWINGS

Unsecured loan payable to Guild Group Holdings Ltd	<u>5,023,147</u>	<u>-</u>
--	------------------	----------

The unsecured loan payable to Guild Group Holdings Ltd, a subsidiary of the Guild, is due for repayment on 31 December 2022.

The interest rate is fixed at 3.68% per annum.

Due to the short term nature of this loan, the carrying value is assumed to approximate its fair value.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$

NOTE 16 CONTRACT LIABILITIES

Contract Liabilities - current	300,754	189,483
Contract Liabilities - non-current	213,623	211,975
	<u>514,377</u>	<u>401,458</u>

Contract liabilities predominantly relate to training module development and hosting, and as such, the balance of this account varies depending on to the number of training modules at the end of the year.

Set out below is the amount of revenue recognised from:

- Amounts included in contract liabilities at the beginning of the year	189,483	384,489
- Performance obligations satisfied (or partially satisfied) in previous years	-	-

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at year end are as follows:

- Within one year	300,754	189,483
- More than one year	213,623	211,975
	<u>514,377</u>	<u>401,458</u>

NOTE 17 EMPLOYEE BENEFIT LIABILITIES

Current

Annual leave	871,727	868,940
Separation and redundancies	-	-
Long service leave	739,928	858,976
	<u>1,611,655</u>	<u>1,727,916</u>

Non-Current

Long service leave	133,464	182,695
	<u>133,464</u>	<u>182,695</u>

Employee entitlements (annual leave) in respect of :

- officers	32,453	9,175
- other employees	839,274	859,765
	<u>871,727</u>	<u>868,940</u>

Employee entitlements (separation and redundancies) in respect of:

- officers	-	-
- other employees	-	-
	<u>-</u>	<u>-</u>

Employee entitlements (long service leave) in respect of:

- officers	614	26
- other employees	872,778	1,041,645
	<u>873,392</u>	<u>1,041,671</u>

No employee provisions in respect of officers or employees have been recognised during the financial year for other employee provisions.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$

NOTE 18 RESERVES AND ACCUMULATED FUNDS

(a)	National Fighting Fund reserve		
	Balance at the beginning of year	2,832,092	1,771,068
	Transfer from / (to) accumulated funds	1,190,266	1,061,024
	Balance at the end of year	<u>4,022,358</u>	<u>2,832,092</u>
	Total Reserves	<u><u>4,022,358</u></u>	<u><u>2,832,092</u></u>

National Fighting Fund reserve

A National referendum was held in April 2002 to seek Guild members' approval to establish a National Fighting Fund. The Funds would be obtained from an increase in annual subscriptions (premises component only) and be used to fund special endeavours required to preserve and protect the long-term interests of members. The Fund would operate under the direct control of the Guild's Executive Committee who would consider each allocation of funds against stringent criteria agreed by the Executive. The referendum was successful and the collection of funds was commenced in the 2002/2003 financial year. The surplus funds are held in a reserve pending future costs relating to this cause.

(b)	Accumulated Funds		
	Balance at the beginning of the year	61,855,995	56,200,969
	Net surplus / (deficit) attributable to the Guild	(5,398,105)	6,716,050
	Transfer from / (to) the Fighting Fund reserve	(1,190,266)	(1,061,024)
	Balance at the end of the year	<u><u>55,267,624</u></u>	<u><u>61,855,995</u></u>

No other fund is required by the rules of the organisation.

NOTE 19 COMMITMENTS

(a) Other commitments

The National Secretariat has committed to financially support the Tasmanian, Australian Capital Territory and Northern Territory Branches in the year ending 30 June 2023 by funding deficits of the relevant branches up to maximum of \$1,181,390 in total.

NOTE 20 RELATED PARTY DISCLOSURES

The following related party transactions occurred during the financial year:

Sales Transactions

Victoria Branch			
	Membership subscriptions	844,639	819,749
	National database on-charge	28,750	27,719
	Cost reimbursement and other	51,624	18,452
		<u>925,012</u>	<u>865,920</u>
Queensland Branch			
	Membership subscriptions	868,164	831,203
	National database on-charge	30,503	27,616
	Cost reimbursement and other	72,893	59,108
		<u>971,560</u>	<u>917,928</u>
Australian College of Pharmacy Ltd, a subsidiary of the Queensland Branch			
	Cost reimbursement and other	269	-
		<u>269</u>	<u>-</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 20 RELATED PARTY DISCLOSURES (Cont'd)		
New South Wales Branch		
Membership subscriptions	1,316,812	1,284,702
ICT support	147,000	149,213
National database on-charge	44,913	43,114
Cost reimbursement and other	92,059	35,067
	<u>1,600,784</u>	<u>1,512,097</u>
South Australia Branch		
Membership subscriptions	317,996	291,025
National database on-charge	11,349	9,900
Cost reimbursement and other	46,675	34,849
	<u>376,019</u>	<u>335,773</u>
Western Australia Branch		
Membership subscriptions	546,280	526,322
National database on-charge	19,121	16,829
Cost reimbursement and other	30,958	21,370
	<u>596,359</u>	<u>564,521</u>
Tasmania Branch		
Membership subscriptions	118,036	116,025
National database on-charge	4,196	-
Cost reimbursement and other	407,736	439,793
	<u>529,967</u>	<u>555,818</u>
Australian Capital Territory Branch		
Membership subscriptions	70,373	69,190
Cost reimbursement and other	105,816	67,648
	<u>176,189</u>	<u>136,837</u>
Nothern Territory Branch		
Membership subscriptions	31,113	30,175
Cost reimbursement and other	90,441	8,607
	<u>121,554</u>	<u>38,782</u>
Gold Cross Products and Services Pty Ltd, a subsidiary of Guild Insurance Ltd		
Commissions	1,289,259	1,322,875
Sponsorship	15,000	10,000
Interest	25,944	25,944
Cost reimbursement and other	27,516	56,678
	<u>1,357,719</u>	<u>1,415,497</u>
Guild Group Holdings Ltd		
Interest	713,752	618,645
Sponsorship on-paid to external entity	-	18,686
Cost reimbursement and other	142,194	-
	<u>855,946</u>	<u>637,331</u>
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd		
Sponsorship on-paid to external entity	2,000	2,597
Cost reimbursement and other	40,566	39,251
	<u>42,566</u>	<u>41,848</u>
Guild Insurance Ltd, a subsidiary of Guild Group Holdings Ltd		
Referral fees	3,607,167	3,587,303
Sponsorship on-paid to external entity	5,000	6,000
	<u>3,612,167</u>	<u>3,593,303</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
NOTE 20 RELATED PARTY DISCLOSURES (Cont'd)		
Guild Financial Services Ltd, a subsidiary of Guild Group Holdings Ltd		
Sponsorship on-paid to external entity	5,000	5,000
	<u>5,000</u>	<u>5,000</u>
Fred Health Pty Ltd, an associate of the Victorian Branch		
Sponsorship on-paid to external entity	5,000	5,000
	<u>5,000</u>	<u>5,000</u>
Purchase Transactions		
Victoria Branch		
Branch funding - pharmacy service support	(755,480)	(755,480)
Branch funding - political donation	-	(5,000)
Rent	(3,025)	(26,368)
Reimbursement and other	(29,798)	(20,860)
	<u>(788,303)</u>	<u>(807,708)</u>
The Guild Properties (VIC) Unit Trust, a subsidiary of the Victoria Branch		
Rent	-	(77,718)
	<u>-</u>	<u>(77,718)</u>
Queensland Branch		
Branch funding - pharmacy service support	(925,578)	(925,578)
Branch funding - Project work	(85,000)	(98,333)
CPD accreditation	(1,605)	(19,822)
Conferences and seminars	(15,327)	(14,398)
Sponsorship	(3,000)	-
Reimbursement and other	(546)	(40,894)
	<u>(1,031,057)</u>	<u>(1,099,024)</u>
Australian College of Pharmacy Ltd, a subsidiary of the Queensland Branch		
Operational Funding	(423,000)	-
Reimbursement and other	(11,457)	-
	<u>(434,457)</u>	<u>-</u>
The Guild Properties (QLD) Unit Trust, a subsidiary of the Queensland Branch		
Reimbursement and other	(2,836)	-
	<u>(2,836)</u>	<u>-</u>
New South Wales Branch		
Branch funding - pharmacy service support	(1,207,730)	(1,207,730)
Reimbursement and other	(22,091)	(25,392)
	<u>(1,229,821)</u>	<u>(1,233,122)</u>
South Australia Branch		
Branch funding - pharmacy service support	(323,682)	(323,682)
Branch funding - membership subscription balancing adjustment	-	-
Reimbursement and other	(148,373)	(129,755)
	<u>(472,055)</u>	<u>(453,437)</u>
Western Australia Branch		
Branch funding - pharmacy service support	(445,192)	(445,192)
Branch funding - legal assistance	-	(71,874)
Reimbursement and other	(124,230)	(128,573)
	<u>(569,422)</u>	<u>(645,638)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 20 RELATED PARTY DISCLOSURES (Cont'd)		
Tasmania Branch		
Branch funding - pharmacy service support	(195,117)	(195,117)
Branch subsidy	(333,973)	(146,752)
Reimbursement and other	(39,671)	(48,154)
	<u>(568,761)</u>	<u>(390,023)</u>
Australian Capital Territory Branch		
Branch funding - pharmacy service support	(157,817)	(157,817)
Branch subsidy	(300,000)	(210,000)
Reimbursement and other	(18,128)	(50,476)
	<u>(475,945)</u>	<u>(418,293)</u>
Nothorn Territory Branch		
Branch funding - pharmacy service support	(116,286)	(116,286)
Branch subsidy	(289,310)	(271,600)
Reimbursement and other	(8,300)	(10,320)
	<u>(413,896)</u>	<u>(398,206)</u>
Gold Cross Products and Services Pty Ltd, a subsidiary of Guild Insurance Ltd		
Reimbursement and other	(3,227)	(2,694)
	<u>(3,227)</u>	<u>(2,694)</u>
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd		
Project work	(691,535)	(606,614)
	<u>(691,535)</u>	<u>(606,614)</u>
Guild Insurance Ltd, a subsidiary of Guild Group Holdings Ltd		
Corporate insurance premiums	(124,315)	(109,271)
Workers compensation	(62,334)	(77,251)
Car insurance	(1,554)	(1,375)
	<u>(188,203)</u>	<u>(187,897)</u>
Meridian Lawyers Ltd, a subsidiary of Guild Group Holdings Ltd		
Legal fees	(284,399)	(225,916)
	<u>(284,399)</u>	<u>(225,916)</u>
RXPG Pty Ltd, a company controlled by the spouse of the National president		
Rent	(18,000)	-
Reimbursement and other	(762)	-
	<u>(18,762)</u>	<u>-</u>

NOTE 21 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) National Council

Current at balance sheet date

S. Blacker	N. Panayiaris
J.C. Dowling	J. Plunkett
P. Hatswell	G. Scarlett
D. Heffernan	A. Seeto
P. Krassar	A. Tahan
A. Ngeow	A. Tassone
H. O'Byrne	T. Twomey
C. Owen	N. Willis

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
<i>(ii) Compensation of National Councillors and other key management personnel</i>		
Short-term employee benefits	2,034,780	2,396,634
Post employment benefits	185,230	198,925
Other long-term benefits	40,976	6,286
Termination benefits	22,981	141,166
Total compensation	<u>2,283,967</u>	<u>2,743,011</u>

NOTE 22 EVENTS AFTER THE BALANCE SHEET DATE

- (i)* On 1 July 2022, the Guild acquired a 51% ownership interest in Australian College of Pharmacy Pty Ltd (ACP) in exchange for the Guild transferring its Learning and Development business to ACP at a value of \$92,000. The remaining 49% ownership of ACP is held by the Queensland Branch of the Guild.
- (ii)* Subsequent to the reporting date, the repayment date on the loan payable to Guild Group Holdings Limited was extended from 31 December 2022 to 31 December 2023.
- (iii)* Subsequent to the reporting date, the Guild and Gold Cross Products and Services Pty Ltd commenced legal action through the Federal Court of Australia against a number of parties regarding a claim of trademark infringement. It is considered that no contingent asset or contingent liability exists at this stage as the amount is unquantifiable and there is insufficient information available to make a reliable judgement on the outcome of the legal proceedings.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

NOTE 23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Guild's principal financial instruments comprise cash, receivables, managed funds, payables and loans.

Risk Exposures and Responses

The Guild is exposed to interest rate risk, equity price risk, credit risk and liquidity risk.

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

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

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Guild's exposure to the risk of changes in market interest rates relates to the Guild's cash, term deposits and interest-bearing receivables. The Guild has no debt obligations exposed to interest rate risk.

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

	2022 \$	2021 \$
Financial Assets		
Cash	5,412,440	14,007,128
Amounts receivable from controlled entities:		
Guild Group Holdings Limited	16,840,000	16,840,000
	<u>22,252,440</u>	<u>30,847,128</u>

At 30 June 2022, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the net surplus would have been affected as follows:

	Net Surplus Higher / (Lower) 2022 \$	Net Surplus Higher / (Lower) 2021 \$
Judgments of reasonably possible movements:		
+ 1% (100 basis points)	254,161	287,848
- 1% (100 basis points)	(254,161)	(287,848)

The reasonably possible movements in net surplus are due to higher/(lower) interest from variable rate cash and receivables.

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

(ii) Foreign Currency Risk

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

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

(iii) Equity Price Risk

The Guild's non-listed equity investment in managed funds is susceptible to market price risk arising from uncertainties about the future value of the investment. The Guild manages the equity price risk through the diversification strategy set by the fund manager. The National Council reviews and approves all equity investment decisions.

At the reporting date, the following assets were exposed to equity price risk:

	2022 \$	2021 \$
Financial Assets		
Managed Funds	20,311,886	15,090,255

If equity prices had moved as illustrated in the table below, with all other variables held constant, the effect on the net surplus and equity would have been as follows:

Judgments of reasonably possible movements:	Net Surplus Higher / (Lower) 2022 \$	Net Surplus Higher / (Lower) 2021 \$
+ 10%	2,031,189	1,509,026
- 10%	(2,031,189)	(1,509,026)

The reasonably possible movements in net surplus are due to a higher/(lower) withdrawal price for the managed funds.

The assessment of reasonably possible movements in equity price is based on expectations of movements in the withdrawal price for the managed funds.

(iv) Credit Risk

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

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

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

Other than the notes receivable from Guild Group Holdings Ltd of \$16,840,000 (2021: \$16,840,000), there are no significant concentrations of credit risk within the Guild.

The carrying amount of the Guild's financial assets best represents its maximum credit risk exposure. The Guild's maximum exposure to credit risk at the reporting date was:

	Note	2022 \$	2021 \$
Cash and short-term deposits	7	5,412,440	14,007,128
Trade and other receivables (current)	8	5,616,009	3,257,867
Interests in related parties (non-current)	10	21,420,064	21,420,064
Other financial assets (non-current)	10	37,643,466	32,421,835
		<u>70,091,979</u>	<u>71,106,894</u>

Set out below is the information about the credit risk exposure on the Guild's trade receivables using a provision matrix:

Year ended 30 June 2022	Trade Receivables Days past due				
	Current	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0%	0%	0%	0%	
Estimated total gross carrying amount at default	5,422,419	146,697	35,893	11,000	5,616,009
Expected credit loss	-	-	-	-	-
Year ended 30 June 2021	Trade Receivables Days past due				
	Current	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0%	0%	0%	0%	
Estimated total gross carrying amount at default	3,102,006	53,050	26,647	76,164	3,257,867
Expected credit loss	-	-	-	-	-

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

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

(v) Liquidity Risk

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

The Guild's exposure to liquidity risk relates primarily to trade and other payables, loans, and lease liabilities.

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

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

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

Year ended 30 June 2022	<1 year	1 - 5 years	>5 years	Total
Financial Assets				
Cash and short-term deposits	5,412,440	-	-	5,412,440
Trade and other receivables	5,616,009	-	17,331,580	22,947,589
Financial assets as fair value through profit and loss	-	-	20,311,886	20,311,886
	<u>11,028,449</u>	<u>-</u>	<u>37,643,466</u>	<u>48,671,915</u>
Financial Liabilities				
Trade and other payables	3,820,954	-	-	3,820,954
Government grants and project funds held	196,586	-	-	196,586
Interest-bearing loans and borrowings	-	5,023,147	-	5,023,147
Lease liabilities	440,310	2,668,633	3,481,298	6,590,241
	<u>4,457,850</u>	<u>7,691,780</u>	<u>3,481,298</u>	<u>15,630,928</u>
Net	<u>6,570,599</u>	<u>(7,691,780)</u>	<u>34,162,168</u>	<u>33,040,987</u>
Year ended 30 June 2021	<1 year	1 - 5 years	>5 years	Total
Financial Assets				
Cash and short-term deposits	14,007,128	-	-	14,007,128
Trade and other receivables	3,257,867	-	17,331,580	20,589,447
Financial assets as fair value through profit and loss	-	-	15,090,255	15,090,255
	<u>17,264,995</u>	<u>-</u>	<u>32,421,835</u>	<u>49,686,830</u>
Financial Liabilities				
Trade and other payables	3,035,632	-	-	3,035,632
Government grants and project funds held	2,059,588	-	-	2,059,588
Lease liabilities	409,195	2,177,933	4,507,588	7,094,716
	<u>5,504,415</u>	<u>2,177,933</u>	<u>4,507,588</u>	<u>12,189,936</u>
Net	<u>11,760,580</u>	<u>(2,177,933)</u>	<u>27,914,247</u>	<u>37,496,894</u>

(vi) Fair value hierarchy

The following table provides an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

	Date of valuation	Level 1	Level 2	Level 3	Total
Year Ended 30 June 2022					
Assets measured at fair value:					
Managed funds	30 June 2022	-	20,311,886	-	20,311,886
		<u>-</u>	<u>20,311,886</u>	<u>-</u>	<u>20,311,886</u>
Year Ended 30 June 2021					
Assets measured at fair value:					
Managed funds	30 June 2021	-	15,090,255	-	15,090,255
		<u>-</u>	<u>15,090,255</u>	<u>-</u>	<u>15,090,255</u>

There were no transfers between Level 1 and Level 2 during 2022 and 2021.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2022

NOTE 24 AUDITOR REMUNERATION

	2022	2021
	\$	\$
Remuneration to auditors		
Audit fees	96,720	89,703
Other assurance services	3,900	7,280
QCPP assessments	2,707,020	3,889,065
Other non-assurance services	210,089	35,000
	<u>3,017,729</u>	<u>4,021,048</u>

NOTE 25 MISCELLANEOUS DISCLOSURES

- (i) The National Secretariat is not reliant upon other reporting units in order to continue as a going concern.
- (ii) The National Secretariat has not received any financial support from the branches of the organisation.
- (iii) No terms or conditions are attached to the financial support provided to the Tasmania, Australian Capital Territory and Northern Territory branches.
- (iv) The National Secretariat has not acquired an asset or liability during the financial year as a result of:
 - (a) an amalgamation under Part 2 of Chapter 3 of the RO Act;
 - (b) a restructure of the branches of the organisation;
 - (c) a determination by the General Manager of the Fair Work Commission under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
 - (d) a revocation by the General Manager of the Fair Work Commission under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).
- (v) The financial affairs of the National Secretariat are not administered by another entity.
- (vi) No payments were made during the reporting period to a former related party of the reporting unit, where the liability was incurred during the period in which a related party relationship existed.

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

Opinion

We have audited the financial report of the Pharmacy Guild of Australia - National Secretariat (the Reporting Unit), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2022, notes to the financial statements, including a summary of significant accounting policies, the committee of management statement and the subsection 255(2A) report.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Pharmacy Guild of Australia - National Secretariat as at 30 June 2022, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a. The Australian Accounting Standards; and
- b. Any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The committee of management is responsible for the other information. The other information obtained at the date of this auditor's report is in the operating report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the committee of management for the financial report

The committee of management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the committee of management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee of management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee of management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

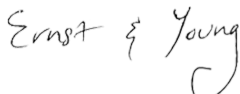
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Reporting Unit's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee of management.
- ▶ Conclude on the appropriateness of the committee of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

We communicate with the committee of management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement Partner on the audit resulting in this independent auditor's report is Irene Tzavaras who is an approved auditor, a member of Chartered Accountants Australia and New Zealand and holds a current Certificate of Public Practice.



Ernst & Young



Irene Tzavaras
Partner
Canberra
12 October 2022

Registration number (as registered by the RO Commissioner under the RO Act): AA2021/19