



17 June 2014

Mr John Dowling  
The Pharmacy Guild of Australia  
Level 2, 15 National Circuit  
Barton ACT 2600

via email: [mark.hill@guild.org.au](mailto:mark.hill@guild.org.au)

Dear Mr Dowling

**The Pharmacy Guild of Australia, National  
Financial Report for the year ended 30 June 2013 - FR2013/181**

I acknowledge receipt of supplementary information on 17 June 2014 addressing the issues raised in the FWC letter dated 10 April 2014.

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

If you have any queries regarding this letter, please contact me on (03) 8661 7675 or via email at [ken.morgan@fwc.gov.au](mailto:ken.morgan@fwc.gov.au)

Yours sincerely

Ken Morgan  
Financial Reporting Advisor  
Regulatory Compliance Branch



**CERTIFICATE OF VERIFICATION**

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

I, JOHN CHRISTOPHER DOWLING, National Vice President of the Pharmacy Guild of Australia, hereby certify that:

1. The documents lodged herewith, being the National Annual Report of the Pharmacy Guild of Australia incorporating the General Purpose Financial Report, Operating Report and Committee of Management's Statement together with the Independent Auditor's Report for the year ended 30 June 2013, are copies of the full report referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
2. The full report was provided to members on 28 October 2013 via the Pharmacy Guild of Australia website; and
3. The full report was presented to the National Council of the Pharmacy Guild of Australia at a meeting of the National Council held on 19 November 2013, in accordance with s266 of the *Fair Work (Registered Organisations) Act 2009*.

DATED THIS TWENTY-FIRST DAY OF NOVEMBER 2013

**JOHN CHRISTOPHER DOWLING  
NATIONAL VICE PRESIDENT**

**National Secretariat**

Level 2, 15 National Circuit, Barton, ACT 2600 Australia  
PO Box 7036, Canberra Business Centre, ACT 2610 Australia  
Telephone: + 61 2 6270 1888 · Facsimile: + 61 2 6270 1800  
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## THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT OPERATING REPORT

I, JOHN CHRISTOPHER DOWLING, being the designated officer responsible for preparing this report for the financial year ended 30 June 2013 of The Pharmacy Guild of Australia - National Secretariat, report as follows:

(a) **Principal Activities:**

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

(b) **Significant financial changes:**

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

(c) **Members advice:**

- (i) Under Section 174 of the Fair Work (Registered Organisations) Act 2009 and Rule 36 of the Constitution of the Guild, a member may resign from membership by written notice addressed and delivered to the Branch Director;
- (ii) The register of members of the organisation was maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and
- (iii) Section 272 of the Fair Work (Registered Organisations) Act 2009 outlines members and the General Manager of the Fair Work Commission’s rights to certain prescribed information. This information is detailed in Note 3 of the financial statements.

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

- (i) As at 30 June 2013 to which this report relates the number of members of the organisation was 3,999.
- (ii) As at 30 June 2013 the total number of employees employed by the reporting entity was 96.
- (iii) During the reporting period the following persons were members of National Council:

S.B. Banks	D.R. Sanghvi
T. Battalis	K.S. Sclavos
H.W.G. Cuthill	P.G. Sinclair
J.C. Dowling	G. Tambassis
A. Galbraith	T. Twomey
T.J. Logan	T. Riley
P.S. McBeath	I.P. Todd
Z.L. Mullen	H.D. Zafer
N. Panayiaris	

**Officers and employees who are superannuation fund trustees or director of a company that is a superannuation fund trustee, because they are officer or employee 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 and GuildPension:

J.C. Dowling (appointed 1 January 2013)	D.R. Sanghvi (appointed 1 January 2013)
T.J. Logan (appointed 1 January 2013)	H.D. Zafer (resigned 31 December 2012)

**Officers and employees who are directors of a company or member of a board, because they are an officer or employee of the National Secretariat or were nominated to the position by the National Secretariat:**

- (v) During the reporting period the following members of National Council were directors of Guild Group Holdings Limited, a holding company, because they are National Councillors:  
S.B. Banks (resigned 31 December 2012) D.R. Sanghvi  
J.C. Dowling (appointed 1 January 2013) H.D. Zafer (resigned 31 December 2012)  
T.J. Logan (appointed 1 January 2013)
- (vi) During the reporting period the following members of National Council were directors of Guild Financial Services Limited, a company that provides financial planning and superannuation advice, because they are National Councillors:  
S.B. Banks (resigned 31 December 2012) D.R. Sanghvi  
J.C. Dowling (appointed 1 January 2013) H.D. Zafer (resigned 31 December 2012)  
T.J. Logan (appointed 1 January 2013)
- (vii) During the reporting period the following members of National Council were directors of Guild Insurance Limited, a general insurance underwriting company, because they are National Councillors:  
S.B. Banks (resigned 31 December 2012) D.R. Sanghvi (appointed 1 January 2013)  
J.C. Dowling (appointed 1 January 2013) H.D. Zafer (resigned 31 December 2012)  
T.J. Logan (appointed 1 January 2013)
- (viii) During the reporting period the following member of National Council was a director of Meridian Lawyers Limited, a company that provides legal services, because they are a National Councillor:  
D.R. Sanghvi (appointed 27 March 2013)
- (ix) During the reporting period the following members of National Council and an employee were directors of Gold Cross Products and Services Pty Limited, a company that markets products and services to pharmacies, because they are either a National Councillor or an employee:  
T.J. Logan D.R. Sanghvi  
W.M. Phillips (resigned as an employee 30-Nov-12)
- (x) During the reporting period the following members of National Council were directors of GuildLink Pty Limited, a software development company, because they are National Councillors:  
J.C. Dowling I.P. Todd  
K.S. Sclavos
- (xi) During the reporting period the following members of National Council and employees were directors of Australian Association of Consultant Pharmacy Pty Limited, a company that credentials pharmacists to conduct medication management reviews, because they are either a National Councillor or an employee:  
A. Develin P. Reid (resigned as an employee 23-Jan-13)  
J.C. Dowling P. Sinclair
- (xii) During the reporting period the following member of National Council was a director of Guildnet Pty Limited, a dormant company, because they are a National Councillor:  
K.S. Sclavos
- (xiii) During the reporting period the following member of National Council was a director of National Pharmacy Television Pty Limited, a dormant company, because they are a National Councillor:  
K.S. Sclavos
- (xiv) During the reporting period the following member of National Council was a director of Pharmacy Guild Home Infusion Association Pty Limited, a dormant company, because they are a National Councillor:  
K.S. Sclavos
- (xv) During the reporting period the following members of National Council were directors of Pharmacy Electronic Network Telecommunications and Logistics Pty Limited, a dormant company, because they are National Councillors:  
S.B. Banks H.D. Zafer  
K.S. Sclavos

**Officers and employees who are directors of a company or member of a board, but do not hold the position because they are an officer or employee of the National Secretariat or were not nominated to the position by the National Secretariat**

- (xvi) During the reporting period S.B. Banks was a company director or board member of the following:
- Pharmacy Guild Services (NSW) Pty Ltd, the ultimate holding company for Pharmacy Guild Sales & Valuations (NSW) Pty Ltd
- (xvii) During the reporting period H.W.G. Cuthill was a company director or board member of the following:
- Community Pharmacy Practice Pty Ltd, a pharmacy business
  - Capital Pharmacy Services Pty Ltd, a pharmacy business
  - Lasco Pharmaceutical Pty Ltd, a pharmacy business
  - Hillcut Pty Ltd, a pharmacy business
  - Hillcut Super Fund Pty Ltd, trustee for Hillcut Super Fund
  - Lister House Pty Ltd, whose principal activities are business services
  - Rossdhu Pty Ltd, whose principal activities are business services
  - Risely Medical Pty Ltd, whose principal activities are business services
  - Newstead Medical Pty Ltd, whose principal activities are business services
  - Nac Pty Ltd, whose principal activities are business services
  - Coles Bay Slipway Pty Ltd, whose principal activities are business services
  - Cancer Council Tasmania, a provider of cancer support and information
- (xviii) During the reporting period J.C. Dowling was a company director or board member of the following:
- Health Recruitment Plus, whose principal activities include the recruitment and retention of health professionals
  - John Dowling Consultants Pty Ltd, whose principal activities are investment and as the trustee of Dowling Super Fund
- (xix) During the reporting period P.S. McBeath was a company director or board member of the following:
- Pharmacy Guild Services (NSW) Pty Ltd, the ultimate holding company for Pharmacy Guild Sales & Valuations (NSW) Pty Ltd
- (xx) During the reporting period Z.L. Mullen was a company director or board member of the following:
- Pharmacy Registration Board of Western Australia, which is responsible for the administration of the Western Australian Pharmacy Act 2010
  - Australian Pharmacy Council, the independent accreditation agency for Australian pharmacy
- (xxi) During the reporting period P.G. Sinclair was a company director or board member of the following:
- Pharmacy Guild Services (NSW) Pty Ltd, the ultimate holding company for Pharmacy Guild Sales & Valuations (NSW) Pty Ltd
  - Asthma Foundation NSW, whose principal activities are providing asthma information, education, training and advocacy in the community and promoting research
  - Kids of Macarthur Health Foundation, whose principal activities are improving health care provision for every child living in that region
  - Myrtle Cottage Group, which provides activities for the frail aged, younger people with disabilities and respite care for people with dementia
- (xxii) During the reporting period A.J. Dalton was a company director or board member of the following:
- Molonglo Financial Services Ltd, the franchise owner of Curtin, Calwell, Jerrabomberra and Wanniasa Bendigo Bank Community Bank Branches
- (xxiii) During the reporting period D. Quilty (commenced as an employee on 1 November 2012) was a company director or board member of the following:
- NSW Telco Authority, whose purpose is to drive reform of government operational telecommunications services
- (xxiv) During the reporting period P. Reid (resigned as an employee on 23 January 2013) was a company director or board member of the following:
- Autodose Australia, an ODT software company
- (xxv) During the reporting period J. Taylor was a company director or board member of the following:
- Tayburn Holdings Pty Ltd, as trustee for the Tayburn Superannuation Fund

(e) **Insurance of Officers:**

During the financial year, the National Secretariat paid insurance to cover all officers of the National Secretariat. The officers of the National Secretariat covered by the insurance policy include all the National Councillors and the Executive Director. Other officers covered by the contract are the management of the National Secretariat. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the National Secretariat.



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JOHN CHRISTOPHER DOWLING

16 October 2013

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

We, KOSMAS STAN SCLAVOS and JOHN CHRISTOPHER DOWLING, being two members of the National Council of The Pharmacy Guild of Australia, do state on behalf of the National Council and in accordance with a resolution passed by the National Council on 15 October 2013 that in relation to the General Purpose Financial Report of the National Secretariat, the opinion of National Council is as follows:

- (a) the attached financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager of the Fair Work Commission;
- (c) the financial statements and notes give a true and fair view of the financial position of the National Secretariat as at 30 June 2013 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2013;
- (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 Fair Work (Registered Organisations) Act 2009 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) to the knowledge of any member of the National Council, there have been no instances where records of the organisation or other documents have not been furnished, or made available, to members or the General Manager of the Fair Work Commission in accordance with the requirements of section 272 of the Fair Work (Registered Organisations) Act 2009; and
  - (vi) the National Secretariat has complied with any order for inspection of financial records made by the Fair Work Commission under section 273 of the Fair Work (Registered Organisations) Act 2009.



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KOSMAS STAN SCLAVOS  
16 October 2013



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JOHN CHRISTOPHER DOWLING  
16 October 2013

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	NOTE	2013 \$	2012 \$
<b>Income</b>			
Revenue from rendering of services	4	17,301,266	16,170,298
Other revenue	4	9,952,157	5,987,276
Other income	4	15,507,180	14,170,426
		<u>42,760,603</u>	<u>36,328,000</u>
Remuneration and employee benefits expense	5	(11,550,015)	(11,057,839)
Depreciation and amortisation	5	(867,509)	(699,082)
Other expenses	5	(26,229,356)	(23,680,003)
		<u>(38,646,880)</u>	<u>(35,446,924)</u>
<b>Net surplus</b>		<b><u>4,113,723</u></b>	<b><u>891,076</u></b>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<b><u>4,113,723</u></b>	<b><u>891,076</u></b>
<b>Total comprehensive income attributable to the members of the Pharmacy Guild of Australia:</b>		<b><u>4,113,723</u></b>	<b><u>891,076</u></b>

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 2013**

	NOTE	2013	2012	As at 1 July 2011
		\$	Restated \$	Restated \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and short-term deposits	6	29,343,816	22,786,788	19,819,532
Trade and other receivables	8	3,339,055	8,376,479	7,985,100
Other current assets	9	574,624	543,495	391,907
<b>Total current assets</b>		<u>33,257,495</u>	<u>31,706,762</u>	<u>28,196,539</u>
<b>Non-current assets</b>				
Other financial assets	10	5,586,263	5,586,263	5,586,263
Loans and receivables	10	19,281,580	19,781,580	19,781,580
Property, plant and equipment	11	1,218,214	1,703,607	2,271,395
Intangible assets	12	1,767,024	741,507	155,619
<b>Total non-current assets</b>		<u>27,853,081</u>	<u>27,812,957</u>	<u>27,794,857</u>
<b>TOTAL ASSETS</b>		<u>61,110,576</u>	<u>59,519,719</u>	<u>55,991,396</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	13	7,775,117	5,915,726	6,405,906
Government grants		6,409,226	10,876,517	7,826,936
Provisions	14	995,368	963,288	899,165
<b>Total current liabilities</b>		<u>15,179,711</u>	<u>17,755,531</u>	<u>15,132,007</u>
<b>Non-current liabilities</b>				
Provisions	14	227,007	174,053	160,330
<b>Total non-current liabilities</b>		<u>227,007</u>	<u>174,053</u>	<u>160,330</u>
<b>TOTAL LIABILITIES</b>		<u>15,406,718</u>	<u>17,929,584</u>	<u>15,292,337</u>
<b>NET ASSETS</b>		<u>45,703,858</u>	<u>41,590,135</u>	<u>40,699,059</u>
<b>MEMBERS FUNDS</b>				
Reserves	15(a & b)	5,024,881	3,773,991	3,357,506
Accumulated funds	15(c)	40,678,977	37,816,144	37,341,553
		<u>45,703,858</u>	<u>41,590,135</u>	<u>40,699,059</u>

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

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	NOTE	Accumulated Funds \$	National Fighting Fund Reserve \$	Guild Members' Disaster Appeal Fund Reserve \$	Total Equity \$
<b>Balance as at 1 July 2011</b>		37,341,553	3,091,279	266,227	40,699,059
Net surplus for the period		891,076	-	-	891,076
Other comprehensive income		-	-	-	-
Total comprehensive income		<u>891,076</u>	<u>-</u>	<u>-</u>	<u>891,076</u>
Transfers from accumulated funds to National Fighting Fund reserve		(682,712)	682,712	-	-
Transfers from Guild Members' Disaster Appeal Fund to accumulated funds		266,227	<u>-</u>	(266,227)	-
<b>Balance as at 30 June 2012</b>	15	<u>37,816,144</u>	<u>3,773,991</u>	<u>-</u>	<u>41,590,135</u>
Net surplus for the period		4,113,723	-	-	4,113,723
Other comprehensive income		-	-	-	-
Total comprehensive income		<u>4,113,723</u>	<u>-</u>	<u>-</u>	<u>4,113,723</u>
Transfers from accumulated funds to National Fighting Fund reserve		(1,250,890)	1,250,890	-	-
<b>Balance as at 30 June 2013</b>	15	<u>40,678,977</u>	<u>5,024,881</u>	<u>-</u>	<u>45,703,858</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 2013**

	NOTE	2013	2012
		\$	Restated \$
<b>Operating activities</b>			
Receipts from operations		25,981,093	24,383,946
Interest received		1,983,334	2,307,086
Dividends received		4,340,000	-
Distributions from managed funds		-	146,719
Government grants received		17,717,784	16,921,805
Payments to suppliers and employees		<u>(42,570,846)</u>	<u>(42,700,767)</u>
<b>Net cash flows from operating activities</b>	7	<u>7,451,365</u>	<u>1,058,789</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(175,665)	(267,391)
Purchase of intangible assets		(1,260,898)	(585,888)
Proceeds from sale of property, plant and equipment		-	25,455
Proceeds from sale of available-for-sale financial assets		-	2,696,665
Funds held on trust		-	(331)
Loan repayment by Australian College of Pharmacy Limited		42,226	39,957
Loan repayment by GuildLink Pty Ltd		<u>500,000</u>	<u>-</u>
<b>Net cash flows from/(used in) investing activities</b>		<u>(894,337)</u>	<u>1,908,467</u>
Net increase in cash and cash equivalents		6,557,028	2,967,256
Cash and cash equivalents at beginning of period		22,786,788	19,819,532
<b>Cash and cash equivalents at end of period</b>	7	<u><u>29,343,816</u></u>	<u><u>22,786,788</u></u>

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

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2013**

**NOTE 1 ORGANISATIONAL INFORMATION**

The financial statements of The Pharmacy Guild of Australia - National Secretariat (the Guild) for the year ended 30 June 2013 was authorised for issue in accordance with a resolution passed by the National Council on 15 October 2013.

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. The financial report is presented in Australian dollars.

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

**b) Statement of compliance**

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

*Changes in accounting policy*

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

Reference	Title	Summary	Application date of standard*	Application date for Guild*
AASB 2011-9	Amendments to Australian Accounting Standards - Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	1 July 2012

*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 2013. These are outlined below.

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2014	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2014

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2013**

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

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

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 13	Fair Value Measurement	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>	1 January 2013	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2013
AASB 119	Employee Benefits	<p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p>	1 January 2013	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2013
AASB 1053	Application of Tiers of Australian Accounting Standards	<p>This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:</p> <p>(a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements</p> <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>The following entities apply Tier 1 requirements in preparing general purpose financial statements:</p> <p>(a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments</p> <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <p>(a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments.</p> <p>Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.</p>	1 July 2013	The Fair Work Commission has indicated that it is a requirement that all reporting units registered under the RO Act are to apply the Tier 1 reporting requirements.	1 July 2013

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2013**

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

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

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: (a) repeat application of AASB 1 is permitted (AASB 1); and (b) clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	1 January 2013	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2013
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.  These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.  (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: (i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI) (ii) The remaining change is presented in profit or loss  If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.  Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances.  Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2015	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2015

\* designates the beginning of the applicable annual reporting period.

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

**c) Revenue Recognition**

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

*Rendering of services*

Revenue from the rendering of services is recognised as and when the services are provided.

*Subscriptions*

Subscriptions are issued on a yearly basis at the beginning of the financial year and are recognised as revenue upon invoicing each member.

*Interest*

For all instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset.

*Dividends*

Revenue is recognised when the Guild's right to receive the dividend payment is established.

**d) Government Grants**

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

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

Revenue from non-reciprocal grants is recognised when received.

**e) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

*Finance Leases*

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Guild, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

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

*Operating Leases*

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

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

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

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

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

**g) Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Guild will not be able to collect the receivable. Financial difficulties of the debtor, or default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flows, discounted at the original effective interest rate.

**h) Taxes**

*Income taxes*

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

*Goods and Services Tax (GST)*

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

- i) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii) receivables and payables are stated with the amount of GST included.

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

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

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

**i) Property, Plant and Equipment**

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

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

Plant and equipment - 3 to 10 years  
Motor vehicles - 5 years

The 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 the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

**j) 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 expenditure is reflected in the income statement in the period in which the expenditure is incurred.

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



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

**j) Intangible assets (cont'd)**

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. 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 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 Group 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

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**

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

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

**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement.

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

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

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

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

*(ii) Available-for-sale financial assets (cont'd)*

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

***Derecognition***

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

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

***Impairment of financial assets***

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

*(i) Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Guild first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Guild determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss, is or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

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

*(ii) Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

*(iii) Available-for-sale investments*

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

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

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

*(iii) Available-for-sale investments (cont'd)*

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

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

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

***Fair value of financial instruments***

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

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

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

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

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

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

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

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

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) 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.

**n) Provisions and employee benefits**

*General*

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

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

Provisions are measured at present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

*Employee leave benefits*

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

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

*(ii) Long service leave*

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

**o) Prior period restatement**

The following changes have been made to the statement of financial position to recognise intangible assets that were previously recognised in property, plant and equipment that have subsequently been re-classified.

	2012	As at 1 July 2011
	\$	\$
Increase in intangible assets	741,507	155,619
(Decrease) in property, plant and equipment	(741,507)	(155,619)

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

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

- (1) A member of a reporting unit, or the General Manager of the Fair Work Commission, 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).

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	2013	2012
	\$	\$
<b>NOTE 4 INCOME</b>		
<b>Revenue from rendering of services</b>		
Membership subscriptions ex branches (capitation fee)	5,590,100	5,523,939
Fighting fund income from other corporations	32,182	32,182
Quality Care Pharmacy Program (QCPP) income:		
Membership subscriptions	8,551,454	7,913,130
Assessment fees	2,323,062	1,550,339
Data reporting services	449,241	741,932
Sale of QCPP related items	82,630	25,270
Conference income	55,826	-
Drug Utilisation Sub-Committee (DUSC) / Chemdata income	85,635	253,756
Guild Digest	131,136	129,750
	<u>17,301,266</u>	<u>16,170,298</u>
Component of capitation fee allocated to Fighting Fund (refer Note 15(a))	<u>1,629,329</u>	<u>1,612,800</u>
<b>Other Revenue</b>		
Interest received:		
Controlled entities	1,325,653	1,621,028
Other corporations	652,861	670,771
Commissions from controlled entity	882,420	896,725
Dividend income from controlled entity	4,340,000	-
Licence fees received from controlled entity	144,000	160,000
Referral fees from controlled entity	2,534,223	2,568,002
Rent received from branches	73,000	70,750
	<u>9,952,157</u>	<u>5,987,276</u>
<b>Other income</b>		
Government grants	14,693,478	13,593,617
Sponsorship income	248,848	181,682
Donations received for the Guild Members' Disaster Appeal Fund (to assist members that were severely affected by natural disasters across Australia)	76,764	45,000
Reversal of impairment losses	42,226	39,958
Other income	445,864	310,169
	<u>15,507,180</u>	<u>14,170,426</u>
	<u>42,760,603</u>	<u>36,328,000</u>
<b>NOTE 5 EXPENSES</b>		
<b>Remuneration and employee benefits expense</b>		
Wages and salaries - elected officials	576,770	575,265
Wages and salaries - employees	8,835,820	8,309,597
Superannuation - elected officials	33,176	33,475
Superannuation - employees	986,100	979,714
Provision for annual leave - elected officials	(28,964)	26,894
Provision for annual leave - employees	154,041	124,928
Provision for long service leave - elected officials	20,511	18,534
Provision for long service leave - employees	199,003	174,789
Separation and redundancies - elected officials	-	-
Separation and redundancies - employees	5,994	75,536
Other on-costs (payroll tax and workers compensation expenses)	767,564	739,107
<b>Total remuneration and employee benefits expense</b>	<u>11,550,015</u>	<u>11,057,839</u>

Remuneration and employee benefits expense of \$2,155,606 (2012: \$2,061,222) was recovered from grants received during the year.

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	2013	2012
	\$	\$
<b>NOTE 5 EXPENSES (cont'd)</b>		
<b>Depreciation and amortisation</b>		
Depreciation	632,129	699,082
Amortisation of intangible assets	235,380	-
	<u>867,509</u>	<u>699,082</u>
<b>Other expenses</b>		
Administrative expenses	676,450	657,535
Affiliation fees (a)	80,525	77,052
Auditor remuneration:		
Audit fees	53,560	52,015
Other assurance services	46,027	51,706
Bank fees	107,503	96,806
Branch QCPP Management	2,211,960	1,699,718
Capitation fee	-	-
Cold chain expenses	295,300	197,000
Communication and marketing	294,968	202,340
Compulsory levies	-	-
Conference management	195,348	-
Consideration to employers for payroll deductions of membership subscriptions	-	-
Consultants expenses	484,064	428,250
Drug Utilisation Sub-Committee / Chemdata expenses	35,700	118,800
Donations	125,404	83,284
Donations paid from the Guild Members' Disaster Appeal Fund	76,764	311,227
E-learning expenses	293,949	150,764
Finance costs	-	-
Grants expenses	12,362,312	11,356,143
Legal expenses - litigation	-	-
Legal expenses - other legal matters	489,182	510,223
Loss on disposal of fixed assets	28,930	39,204
Meeting allowances	-	-
Meeting expenses:		
National Council	353,027	454,569
Committee expenses	200,556	157,116
Other meeting expenses	56,742	25,852
Member census	105,084	-
National membership database	138,847	94,396
Penalties imposed under the RO Act or RO Regulations	-	-
Project Stop	150,000	-
QCPP assessment expenses	2,455,709	1,675,012
Rent paid (minimum lease payments - operating lease)	947,322	915,665
Special projects	328,369	200,547
Standards maintenance assessments	1,212,287	1,171,889
Standards materials expenses	119,050	119,626
Subsidies to branches	637,484	563,568
Travel expenses (local and overseas)	468,842	518,410
Value of community pharmacy campaign	8,022	496,957
Other expenses	1,190,069	1,254,329
<b>Total other expenses</b>	<u>26,229,356</u>	<u>23,680,003</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	47,117	45,744
Council of Small Business of Australia	6,955	6,955
Federation of Asian Pharmaceutical Association	316	-
International Pharmaceutical Federation	26,137	24,353
	<u>80,525</u>	<u>77,052</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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	2013	2012
	\$	\$

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

<b>Guild cash</b>		
Cash at bank and on hand	2,201,973	3,027,783
Short-term deposits	18,817,158	13,102,483
	21,019,131	16,130,266
<b>Cash held in trust</b>		
Cash at bank held in trust (a)	8,324,685	6,656,522
	8,324,685	6,656,522
<b>Total cash and short-term deposits</b>	<b>29,343,816</b>	<b>22,786,788</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates.  
Short-term deposits are deposits which earn interest at the respective short-term deposit rates.

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

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

**NOTE 7 CASH FLOW RECONCILIATION**

**Reconciliation to statement of cash flows**

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

Cash at bank and in hand	10,526,658	9,684,305
Short-term deposits available for use	18,817,158	13,102,483
	29,343,816	22,786,788

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

Operating surplus	4,113,723	891,076
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	632,129	699,082
Amortisation of intangible assets	235,380	-
Net loss on disposal of fixed assets	28,930	39,204
Transfers from property, plant and equipment	-	71,438
Reversal of impairment losses	(42,226)	(39,958)
<i>Changes in assets and liabilities</i>		
Decrease/(increase) in trade and other receivables	5,356,779	(3,878,365)
(Increase) in other current assets	(31,129)	(151,588)
Increase/(decrease) in trade and other payables	1,761,016	(805,383)
Increase in provisions	85,034	77,846
Increase in income in advance	248,098	172,500
(Decrease)/increase in net GST payable / receivable	(469,078)	143,035
(Decrease)/increase in government grants	(4,467,291)	3,839,902
<b>Net cash flows from operating activities</b>	<b>7,451,365</b>	<b>1,058,789</b>

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	2013	2012
	\$	\$

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

Trade and other receivables	1,465,910	6,631,844
Allowance for impairment loss	-	-
	1,465,910	6,631,844
Amounts receivable from related entities:		
Branch debtors	68,168	130,316
Gold Cross Products and Services Pty Limited	262,666	319,228
Guild Insurance Limited	1,036,497	1,105,191
Guild Group Holdings Limited	167,200	160,000
GuildLink Pty Ltd	14,859	23,300
Fred Health Pty Ltd	4,400	6,600
Net GST receivable	319,355	-
Carrying amount of trade and other receivables	3,339,055	8,376,479
Trade and other receivables includes the following amounts owing by a jointly controlled entity:		
Australian Association of Consultant Pharmacy Pty Limited	-	2,874

**(a) Allowance for impairment loss**

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

At 30 June, the ageing analysis of trade receivables and receivables is as follows:

0-30 days	3,100,138	7,420,709
31-60 days	146,135	268,943
61-90 days	39,267	49,805
91+ days, past due not impaired	53,515	637,022
91+ days, considered impaired	-	-
Total	3,339,055	8,376,479

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

**(b) Related party receivables**

Branch debtors as at 30 June comprised:

New South Wales	1,843	28,325
Victoria	6,300	52,948
Queensland	2,727	5,849
South Australia	7,146	8,152
Western Australia	18,932	13,959
Tasmania	17,120	2,602
Australian Capital Territory	9,605	8,279
Northern Territory	4,495	10,202
	68,168	130,316
Allowance for impairment loss	-	-
	68,168	130,316

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

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

*Allowance for impairment loss on trade receivables*

For the year ended 30 June 2013, the Guild has not made any allowance for impairment losses relating to amounts owed by related parties as the payment history has been sound (2012: \$nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Guild recognises an allowance for the impairment loss.

**(c) Fair values**

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



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	2013	2012
	\$	\$
<b>NOTE 9 OTHER CURRENT ASSETS (CURRENT)</b>		
Prepayments	574,624	543,495
	<u>574,624</u>	<u>543,495</u>
<b>NOTE 10 OTHER FINANCIAL ASSETS AND RECEIVABLES (NON-CURRENT)</b>		
<b>Other Financial Assets</b>		
<b>At Cost</b>		
Investments in controlled entities:		
Shares in controlled entities - unlisted		
Pharmacy Guild Home Infusion Association Pty Limited		
2 ordinary shares (2013: 100%, 2012: 100%)	2	2
GuildNET Pty Limited		
18 ordinary shares (2013: 100%, 2012: 100%)	18	18
Guild Group Holdings Limited		
3,585,434 ordinary shares at \$1 per share (2013: 100%, 2012: 100%)	3,585,434	3,585,434
20,000 ordinary shares at \$100 per share (2013: 100%, 2012: 100%)	2,000,000	2,000,000
Gold Cross Products and Services Pty Ltd		
402 ordinary shares (2013: 100%, 2012: 100%)	804	804
National Pharmacy Television Pty Limited		
1 ordinary share (2013: 100%, 2012: 100%)	1	1
Pharmacy Electronic Network Telecommunications And Logistics Pty Ltd		
1 ordinary share (2013: 100%, 2012: 100%)	1	1
GuildLink Pty Ltd		
1 ordinary share (2013: 100%, 2012: 100%)	1	1
	<u>5,586,261</u>	<u>5,586,261</u>
Investment in jointly controlled entity:		
Shares in jointly controlled entity - unlisted		
Australian Association of Consultant Pharmacy Pty Limited		
2 ordinary shares at cost (2013: 50%, 2012: 50%)	2	2
Total other financial assets	<u>5,586,263</u>	<u>5,586,263</u>
<b>Loans and receivables</b>		
Unsecured loans to jointly controlled entity:		
Australian Association of Consultant Pharmacy Pty Limited	80,000	80,000
Unsecured loans to controlled entities:		
Gold Cross Products and Services Pty Ltd	411,580	411,580
GuildLink Pty Ltd	1,950,000	2,450,000
	<u>2,361,580</u>	<u>2,861,580</u>
Unsecured promissory notes (controlled entities):		
Guild Group Holdings Limited	16,840,000	16,840,000
Unsecured loan to Australian College of Pharmacy Limited		
Provision for impairment losses	40,101	82,327
	<u>(40,101)</u>	<u>(82,327)</u>
	-	-
Total loans and receivables	<u>19,281,580</u>	<u>19,781,580</u>
<b>Total Other Financial Assets, Loans and Receivables</b>	<u>24,867,843</u>	<u>25,367,843</u>

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	2013	2012
	\$	\$

**NOTE 10 OTHER FINANCIAL ASSETS AND RECEIVABLES (NON-CURRENT) (cont'd)**

**(a) Loans and receivables**

*(i) Guild Group Holdings Limited*

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

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

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

*(iii) Australian College of Pharmacy Limited*

The unsecured loan to Australian College of Pharmacy Limited is payable by 31 May 2014. From 1 January 2009, interest is payable and the interest rate is locked in for periods of 6 months. The interest rate at reporting date is 3.45% per annum (2012: 4.7% per annum).

*(iv) GuildLink Pty Ltd*

The unsecured loan provided to GuildLink Pty Ltd forms part of a cash advance facility with a limit of \$2.75 million. GuildLink Pty Ltd is required to give 1 month written notice to draw down further on the cash advance facility. Loan amounts drawdown are repayable on call, subject to providing no less than 6 months written notice. For the first 6 months of the facility, the rate of interest applied to the loan was fixed at 10% per annum. Subsequent to this date, the rate of interest is now variable, with a rate of 5.75% as at reporting date (2012: 6.5%)

**(b) Allowance for Impairment Losses**

The Guild has provided for impairment losses amounting to \$40,101 in 2013 (2012: \$82,327) in relation to the unsecured loan to Australian College of Pharmacy Limited. The Guild has assessed that the future cash flows of the financial asset cannot be reliably estimated due to the financial difficulty of the obligor.

**(c) Fair values**

The fair values of non-current receivables of the Guild are equal to their carrying amounts.

The fair values are based on cash flows discounted at a rate reflecting current market rates adjusted for counter party credit risk.

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**FOR YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	Restated \$
<b>NOTE 11 PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Reconciliation of carrying amounts at the beginning and end of period</b>		
<b>Office equipment - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	1,467,919	1,570,863
Additions	175,665	73,369
Transfers	-	490,798
Disposals	(2,008)	(714)
Depreciation	(612,770)	(666,397)
As at 30 June, net of accumulated depreciation and impairment	<u>1,028,806</u>	<u>1,467,919</u>
Cost	3,826,970	3,809,976
Accumulated depreciation and impairment	(2,798,164)	(2,342,057)
Net carrying amount	<u>1,028,806</u>	<u>1,467,919</u>
<b>Motor vehicles - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	118,503	133,720
Additions	-	81,413
Disposals	(26,921)	(63,945)
Depreciation	(19,359)	(32,685)
As at 30 June, net of accumulated depreciation and impairment	<u>72,223</u>	<u>118,503</u>
Cost	113,261	159,411
Accumulated depreciation and impairment	(41,038)	(40,908)
Net carrying amount	<u>72,223</u>	<u>118,503</u>
<b>Artwork - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	99,559	99,559
Additions	-	-
As at 30 June, net of accumulated depreciation and impairment	<u>99,559</u>	<u>99,559</u>
Net carrying amount at beginning and end	<u>99,559</u>	<u>99,559</u>
<b>Antiques - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	17,626	17,626
Additions	-	-
As at 30 June, net of accumulated depreciation and impairment	<u>17,626</u>	<u>17,626</u>
Net carrying amount at beginning and end	<u>17,626</u>	<u>17,626</u>
<b>Capital Work in Progress - at cost</b>		
As at 1 July	-	449,627
Additions	-	112,609
Transfers	-	(562,236)
As at 30 June	<u>-</u>	<u>-</u>
Net carrying amount	<u>-</u>	<u>-</u>
<b>Total Property, Plant and Equipment - at cost</b>		
As at 1 July, net of accumulated depreciation and impairment	1,703,607	2,271,395
Additions	175,665	267,391
Transfers	-	(71,438)
Disposals	(28,929)	(64,659)
Depreciation	(632,129)	(699,082)
As at 30 June, net of accumulated depreciation and impairment	<u>1,218,214</u>	<u>1,703,607</u>
Cost	4,057,416	4,086,572
Accumulated depreciation and impairment	(2,839,202)	(2,382,965)
Net carrying amount	<u>1,218,214</u>	<u>1,703,607</u>

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	2013	2012
	\$	Restated \$
<b>NOTE 12 INTANGIBLE ASSETS</b>		
<b>Reconciliation of carrying amounts at the beginning and end of period</b>		
<b>Software - at cost</b>		
As at 1 July, net of accumulated amortisation and impairment	-	-
Additions	1,091,111	-
Transfers	741,507	-
Amortisation	(235,380)	-
As at 30 June, net of accumulated amortisation and impairment	<u>1,597,238</u>	<u>-</u>
Cost	1,832,618	-
Accumulated amortisation and impairment	(235,380)	-
Net carrying amount	<u>1,597,238</u>	<u>-</u>
<b>Software in progress - at cost</b>		
As at 1 July	741,507	155,619
Additions	169,786	585,888
Transfers	(741,507)	-
As at 30 June	<u>169,786</u>	<u>741,507</u>
Cost	169,786	741,507
Accumulated amortisation and impairment	-	-
Net carrying amount	<u>169,786</u>	<u>741,507</u>
<b>Total intangible assets - at cost</b>		
As at 1 July, net of accumulated amortisation and impairment	741,507	155,619
Additions	1,260,897	585,888
Amortisation	(235,380)	-
As at 30 June, net of accumulated amortisation and impairment	<u>1,767,024</u>	<u>741,507</u>
Cost	2,002,404	741,507
Accumulated amortisation and impairment	(235,380)	-
Net carrying amount	<u>1,767,024</u>	<u>741,507</u>
	2013	2012
	\$	\$

**NOTE 13 TRADE AND OTHER PAYABLES (CURRENT)**

Trade and other payables	1,724,879	2,677,093
Accrued expenses	4,082,964	681,214
Amounts payable to related entities:		
Branch creditors	476,219	1,157,843
Gold Cross Products and Services Pty Limited	51	2,971
Fred Health Pty Limited	2,200	4,290
GuildLink Pty Ltd	79,159	143,785
Meridian Lawyers Limited	52,489	22,320
Consideration to employers for payroll deductions of membership subscriptions	-	-
Net GST payable	-	149,723
Income in advance	420,598	172,500
Annual leave	932,154	899,583
Amounts held on trust:		
MPA	4,404	4,404
	<u>7,775,117</u>	<u>5,915,726</u>
Payables include the following:		
Legal fees payable	<u>53,745</u>	<u>30,666</u>
Employee entitlements (annual leave) in respect of holders of offices	<u>104,160</u>	<u>133,124</u>

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	2013	2012
	\$	\$

**NOTE 13 TRADE AND OTHER PAYABLES (CURRENT) (Cont'd)**

**(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	46,815	277,912
Victoria	33,970	210,976
Queensland	27,981	229,209
South Australia	18,308	74,161
Western Australia	22,860	80,863
Tasmania	118,828	100,075
Australian Capital Territory	49,821	20,135
Northern Territory	157,636	164,512
	476,219	1,157,843

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 14 PROVISIONS**

Long service leave:

Current	995,368	963,288
Non current	227,007	174,053
	1,222,375	1,137,341

Provisions (non-current) include the following:

Employee entitlements in respect of holders of offices	85,500	64,989
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No employee provisions in respect of holders of offices or employees have been recognised during the financial year for (i) separation and redundancies, or (ii) other employee provisions.

**NOTE 15 RESERVES AND ACCUMULATED FUNDS**

**(a) National Fighting Fund reserve**

Balance at the beginning of year	3,773,991	3,091,279
Transfer from accumulated funds	1,250,890	682,712
Balance at the end of year	5,024,881	3,773,991

**(b) Guild Members' Disaster Appeal Fund reserve**

Balance at the beginning of year	-	266,227
Transfer from/(to) accumulated funds	-	(266,227)
Balance at the end of year	-	-

**Total Reserves**

5,024,881	3,773,991
-----------	-----------

**(a) 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 as at 30 June 2013 are held in a reserve pending future costs relating to this cause. All funds are held as cash and interest on the funds transferred to the reserve.

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	2013	2012
	\$	\$

**NOTE 15 RESERVES AND ACCUMULATED FUNDS (Cont'd)**

**(b) Guild Members' Disaster Appeal Fund reserve**

The Guild Members' Disaster Appeal fund was established to assist members severely affected by natural disasters across Australia. Donated funds received are distributed to member applicants that satisfy the criteria established by the Guild's Corporate Services Committee. All funds are held as cash.

**(c) Accumulated Funds**

Balance at the beginning of the year	37,816,144	37,341,553
Net surplus attributable to the Guild	4,113,723	891,076
Transfer (to) the Fighting Fund reserve	(1,250,890)	(682,712)
Transfer from the Guild Members' Disaster Appeal Fund reserve	-	266,227
Balance at the end of the year	40,678,977	37,816,144

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

**NOTE 16 COMMITMENTS**

**(a) Operating lease commitments**

Assets that are the subject of operating leases include property. The operating lease for property has a lease term of 10 years (expiring on 31 December 2019) and is for the Guild premises at Barton.

There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

Operating leases (non-cancellable)		
Within one year	797,169	783,857
After one year but not more than five years	3,188,677	3,135,429
After more than five years	1,195,754	1,959,643
	5,181,600	5,878,929

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

The Guild is committed to the payment of \$nil to GuildLink Pty Ltd at reporting date for the development of a database (2012: \$72,084). The commitment is expected to be settled within 12 months from reporting date.

**NOTE 17 RELATED PARTY DISCLOSURES**

The following related party transactions occurred during the financial year:

Transactions with related parties:

a)	Subscriptions income was received from the following Branches (capitation fee):		
	New South Wales	1,829,224	1,764,446
	Victoria	1,188,579	1,246,091
	Queensland	1,153,246	1,154,377
	South Australia	432,184	418,597
	Western Australia	689,888	653,590
	Tasmania	172,456	167,241
	Australian Capital Territory	89,423	82,767
	Northern Territory	35,100	36,830
		5,590,100	5,523,939

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	2013	2012
	\$	\$
<b>NOTE 17 RELATED PARTY DISCLOSURES (Cont'd)</b>		
Amounts allocated to the Fighting Fund from capitation fees received:		
New South Wales	522,288	494,592
Victoria	345,774	367,104
Queensland	359,879	356,352
South Australia	127,348	123,264
Western Australia	190,619	187,008
Tasmania	46,345	48,768
Australian Capital Territory	25,792	23,424
Northern Territory	11,284	12,288
	<u>1,629,329</u>	<u>1,612,800</u>
b) During the year the National Secretariat received Guild Digest income from the Branches:		
New South Wales	39,032	37,800
Victoria	27,764	28,686
Queensland	30,052	29,190
South Australia	9,141	10,049
Western Australia	15,796	15,372
Tasmania	3,828	4,010
Australian Capital Territory	1,848	1,806
Northern Territory	968	1,008
	<u>128,429</u>	<u>127,921</u>
c) Rent charged to Branches during the year:		
Tasmania	<u>73,000</u>	<u>70,750</u>
d) Continuing professional development accreditation income was received from the following Branches:		
New South Wales	4,150	2,400
Victoria	300	450
Queensland	6,059	2,000
South Australia	350	950
Western Australia	700	750
Tasmania	150	300
Australian Capital Territory	800	-
Northern Territory	-	150
	<u>12,509</u>	<u>7,000</u>
e) Consulting income was received from the following Branches:		
New South Wales	42,744	-
Victoria	24,200	-
Queensland	28,987	-
South Australia	8,462	-
Western Australia	15,472	-
Tasmania	6,093	-
Northern Territory	613	-
	<u>126,571</u>	<u>-</u>
f) Interest income was received from the following controlled entities:		
Guild Group Holdings Limited	1,165,081	1,414,623
GuildLink Pty Ltd	134,628	180,461
Gold Cross Products and Services Pty Ltd	25,944	25,944
	<u>1,325,653</u>	<u>1,621,028</u>
g) National Secretariat received referral fee income from Guild Insurance Limited, a subsidiary of Guild Group Holdings Limited.	<u>2,534,223</u>	<u>2,568,002</u>
h) During the year the National Secretariat received commission income from Gold Cross Products and Services Pty Limited.	<u>882,420</u>	<u>896,725</u>
i) Licence fee income received from Guild Group Holdings Limited.	<u>152,000</u>	<u>152,000</u>

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	2013	2012
	\$	\$
<b>NOTE 17 RELATED PARTY DISCLOSURES (Cont'd)</b>		
j) Dividend income received from Guild Group Holdings Limited.	4,340,000	-
k) During the year the National Secretariat received advertising income from: Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	7,500	7,500
l) During the year the National Secretariat received sponsorship income from: Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd Guild Group Holdings Ltd Gold Cross Products and Services Pty Ltd GuildLink Pty Ltd Meridian Lawyers, a subsidiary of Guild Group Holdings Ltd Fred Health Pty Ltd, an associate of the Victorian Branch	15,000 9,091 34,545 5,000 5,000 11,667	- 9,091 39,091 - - -
	<u>80,303</u>	<u>48,182</u>
m) Consulting income was received from GuildLink Pty Ltd	-	7,500
n) E-learning platform module hosting income received from Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	3,750	-
o) During the year the Victorian Branch distributed a component of the dividend received from Fred Health Pty Ltd, an associate of the Victorian Branch, to the National Secretariat	-	48,292
p) During the year the following controlled entities contributed a donation towards the Guild Members' Disaster Appeal Fund: Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd Gold Cross Products and Services Pty Limited GuildLink Pty Ltd	10,000 10,000 10,000 30,000	- 15,000 10,000 25,000
q) During the year Fred Health Pty Ltd, an associate of the Victorian Branch, contributed a donation to the Guild Members' Disaster Appeal Fund	10,000	10,000
r) Government grant payments made to Branches: New South Wales Victoria Queensland South Australia Western Australia Tasmania Australian Capital Territory Northern Territory	(201,760) (175,760) (192,400) (139,360) (145,600) (66,560) (49,920) (61,360) (1,032,720)	(480,895) (380,344) (424,453) (181,736) (192,650) (83,656) (56,424) (73,040) (1,873,198)
s) The National Secretariat has given subsidies to the following Branches to part fund their operations: Tasmania Australian Capital Territory Northern Territory	(150,315) (200,000) (287,169) (637,484)	(167,462) (187,500) (208,606) (563,568)
No terms or conditions are attached to the financial support provided to these Branches.		
t) During the year the National Secretariat made payments to the following branches for QCPP Management and Standards Maintenance Assessment: New South Wales Victoria Queensland South Australia Western Australia Tasmania Australian Capital Territory Northern Territory	(821,408) (565,685) (671,993) (253,334) (292,361) (157,466) (113,990) (77,012) (2,953,249)	(558,330) (524,330) (412,270) (217,867) (243,028) (153,630) (80,250) (72,600) (2,262,305)



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**FOR YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
<b>NOTE 17 RELATED PARTY DISCLOSURES (Cont'd)</b>		
u) During the year the National Secretariat paid the NSW Branch for Cold Chain expenses	<u>(295,300)</u>	<u>(197,000)</u>
v) During the year the National Secretariat provided sponsorship to the following branches:		
Queensland	-	(909)
Tasmania	(500)	(455)
Australian Capital Territory	(500)	(500)
	<u>(1,000)</u>	<u>(1,864)</u>
w) Funds were provided to the following Branches to undertake campaigns during the year:		
New South Wales	-	(150,000)
Victoria	-	(107,400)
Queensland	-	(101,400)
South Australia	-	(37,350)
Western Australia	-	(51,900)
	<u>-</u>	<u>(448,050)</u>
x) Funds were provided to the following Branches to undertake projects during the year:		
New South Wales	(21,000)	-
Victoria	(21,000)	-
Queensland	(13,625)	-
South Australia	(6,000)	-
Western Australia	(10,000)	-
Tasmania	(2,250)	-
Australian Capital Territory	(2,250)	-
Northern Territory	(17,250)	-
	<u>(93,375)</u>	<u>-</u>
y) During the year rent was paid to the following Branches:		
Victoria	(87,120)	(72,120)
Tasmania	-	(8,200)
	<u>(87,120)</u>	<u>(80,320)</u>
z) Government grant payments made to GuildLink Pty Ltd	<u>(267,576)</u>	<u>(234,452)</u>
aa) During the year the National Secretariat paid DUSC expenses to Fred Health Pty Ltd, an associate of the Victorian Branch	<u>(23,700)</u>	<u>(46,800)</u>
ab) Rent paid to Guild Group Holdings Limited	<u>(6,329)</u>	<u>(2,387)</u>
ac) During the year the National Secretariat paid legal fees to Meridian Lawyers Limited, a subsidiary of Guild Group Holdings Limited	<u>(264,971)</u>	<u>(141,945)</u>
ad) During the year the National Secretariat paid National Database licence fees to:		
GuildLink Pty Ltd	(106,285)	-
InnovationRX Pty Ltd, a subsidiary of the Queensland Branch	(8,042)	(94,396)
	<u>(114,327)</u>	<u>(94,396)</u>
ae) During the year the National Secretariat paid fees to Guild Accountants Pty Ltd, a former subsidiary of Guild Group Holdings Ltd	<u>-</u>	<u>(540)</u>
af) Fees paid to GuildLink Pty Ltd for projects conducted during the year	<u>(294,969)</u>	<u>(76,656)</u>
ag) During the year the National Secretariat paid amounts to GuildLink Pty Ltd for capital works	<u>(153,892)</u>	<u>(511,218)</u>

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	2013	2012
	\$	\$

**NOTE 18 KEY MANAGEMENT PERSONNEL**

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

*(i) National Council*

S.B. Banks  
T. Battalis  
H.W.G. Cuthill  
J.C. Dowling  
A. Galbraith  
T.J. Logan  
P.S. McBeath  
Z.L. Mullen  
N. Panayiaris  
D.R. Sanghvi  
K.S. Slavos  
P.G. Sinclair  
G. Tambassis  
T. Twomey  
T. Riley  
I.P. Todd  
H.D. Zafer

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

Short-term employee benefits	2,477,300	2,509,141
Post employment benefits	308,952	407,449
Other long-term benefits	65,242	73,042
Termination benefits	-	12,954
<b>Total compensation</b>	<b>2,851,494</b>	<b>3,002,586</b>

**NOTE 19 CONTINGENT LIABILITIES**

There are no contingent liabilities.

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

On 3 September 2013, the directors of Guild Group Holdings Limited declared a dividend on ordinary shares in respect of the 2013 financial year. The total amount of the dividend payable to the Guild is \$4,800,000.

**NOTE 21 AUDITOR REMUNERATION**

Remuneration to auditors		
Audit fees	53,560	52,015
Other assurance services	46,027	51,706
	99,587	103,721

**NOTE 22 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 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 under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
  - (d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).
- (iii) No assets or liabilities have been acquired during the financial year as part of a business combination.
- (iv) The National Secretariat has not received any financial support from the branches of the organisation.
- (v) No recovery of wages activities have occurred during the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2013**

**NOTE 23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

**Risk Exposures and Responses**

The Guild manages its exposure to key financial risks, including interest rate and credit risk, in accordance with the Guild's financial risk management policy. The objective of the policy is to protect the Guild's future financial security.

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

Guild management reviews and agrees policies for managing each of the risks summarised below.

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

**(i) Interest rate risk**

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

The Guild's exposure to the risk of changes in market interest rates relates to the Guild's cash, short-term deposits and interest-bearing receivables.

The Guild has no debt obligations exposed to interest rate risk.

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

	2013	2012
	\$	\$
<b>Financial Assets</b>		
Cash	10,526,658	9,684,305
Short-term deposits	18,817,158	13,102,483
Amounts receivable from controlled entities:		
GuildLink Pty Ltd	1,950,000	2,450,000
Guild Group Holdings Limited	16,840,000	16,840,000
	<u>48,133,816</u>	<u>42,076,788</u>

*At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the net surplus would have been affected as follows:*

Judgments of reasonably possible movements:	Net Surplus Higher / (Lower)	
	2013	2012
	\$	\$
+ 1% (100 basis points)	358,477	331,328
- 1% (100 basis points)	(358,477)	(331,328)

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

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

**(ii) Foreign Currency Risk**

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

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT**  
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**NOTE 23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**

*(iii) Equity Price Risk*

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

*(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 (2012: \$16,840,000), there are no significant concentrations of credit risk within the Guild and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

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

	Note	2013 \$	2012 \$
Cash and short-term deposits	6	29,343,816	22,786,788
Trade and other receivables (current)	8	3,339,055	8,376,479
Other financial assets	10	5,586,263	5,586,263
Receivables (non-current)	10	19,281,580	19,781,580
		<u>57,550,714</u>	<u>56,531,110</u>

*(v) Liquidity Risk*

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

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

The Guild has no borrowings.

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

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

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

<b>Year ended 30 June 2013</b>	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
<b>Financial Assets</b>					
Cash & short-term deposits	29,343,816	-	-	-	29,343,816
Trade & other receivables	3,339,055	-	-	19,281,580	22,620,635
	<u>32,682,871</u>	<u>-</u>	<u>-</u>	<u>19,281,580</u>	<u>51,964,451</u>
<b>Financial Liabilities</b>					
Trade & other payables	7,775,117	-	-	-	7,775,117
<b>Net</b>	<u>24,907,754</u>	<u>-</u>	<u>-</u>	<u>19,281,580</u>	<u>44,189,334</u>
<b>Year ended 30 June 2012</b>	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
<b>Financial Assets</b>					
Cash & short-term deposits	22,786,788	-	-	-	22,786,788
Trade & other receivables	8,376,479	-	-	19,781,580	28,158,059
	<u>31,163,267</u>	<u>-</u>	<u>-</u>	<u>19,781,580</u>	<u>50,944,847</u>
<b>Financial Liabilities</b>					
Trade & other payables	5,915,726	-	-	-	5,915,726
<b>Net</b>	<u>25,247,541</u>	<u>-</u>	<u>-</u>	<u>19,781,580</u>	<u>45,029,121</u>

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

We have audited the accompanying financial report of The Pharmacy Guild of Australia - National Secretariat ("the Guild"), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and Committee of Management's Statement.

### National Councillors' Responsibility for the Financial Report

The National Councillors of the Guild are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* and for such internal controls as the National Councillors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the National Councillors, as well as evaluating the overall presentation of the financial report.

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

### Independence

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



## Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of The Pharmacy Guild of Australia - National Secretariat as of 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*.

*Ernst + Young*

Ernst & Young

*B. Tansley*

Ben Tansley  
Partner  
Registered Company Auditor  
Member of the Institute of Chartered Accountants in Australia  
Canberra  
16 October 2013