



5 December 2014

Mr David Quilty
Executive Director,
The Pharmacy Guild of Australia

Sent by email: guild.nat@guild.org.au

Dear Mr Quilty

The Pharmacy Guild of Australia - Financial Report for year ended 30 June 2014 - (FR2014/119)

I refer to the financial report of The Pharmacy Guild of Australia (the reporting unit). The documents were lodged with the Fair Work Commission on 27 November 2014. The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2015 may be subject to an advanced compliance review.

If you have any queries regarding this letter, I may be contacted by email at stephen.kellett@fwc.gov.au.

Yours sincerely

Stephen Kellett
Senior Adviser, 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 2014, 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 30 October 2014 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 24 November 2014, in accordance with s266(3) of the *Fair Work (Registered Organisations) Act 2009*.

DATED THIS TWENTY-SEVENTH DAY OF NOVEMBER 2014

**JOHN CHRISTOPHER DOWLING
NATIONAL VICE PRESIDENT**

National Secretariat

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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 2014 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 Groups 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 Group Executives outlining the activities for the year. There were no significant changes in the nature of these activities during the year under review.

(b) **Significant financial changes:**

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

(c) **Members advice:**

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

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

- (i) As at 30 June 2014 to which this report relates the number of members of the organisation was 3,807.
- (ii) As at 30 June 2014 the total number of employees employed by the reporting entity was 104.
- (iii) During the financial year ended 30 June 2014 the following persons were members of National Council for the whole period, unless otherwise stated:

S.B. Banks (resigned 1 October 2013)	D.R. Sanghvi
T. Battalis	K.S. Slavos (resigned 21 October 2013)
H.W.G. Cuthill	P.G. Sinclair
M. Douglass (appointed 1 October 2013)	G. Tambassis
J.C. Dowling	A. Tassone (appointed 22 October 2013)
A. Galbraith	T. Twomey
T.J. Logan	T. Riley
P.S. McBeath	I.P. Todd
Z.L. Mullen	S. Wragg (appointed 24 September 2013)
N. Panayiaris	H.D. Zafer (resigned 24 September 2013)

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

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

J.C. Dowling	D.R. Sanghvi
T.J. Logan	

(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.



JOHN CHRISTOPHER DOWLING
16 October 2014

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

We, GEORGE TAMBASSIS 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 2014 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 2014 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2014;
- (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;
 - (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; and
 - (vii) no revenue has been derived from undertaking recovery of wages activity during the reporting period.



GEORGE TAMBASSIS
16 October 2014



JOHN CHRISTOPHER DOWLING
16 October 2014

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	NOTE	2014 \$	2013 \$
Income			
Revenue from rendering of services	5	20,866,123	17,301,266
Other revenue	5	10,146,587	9,952,157
Other income	5	70,331,906	15,507,180
		101,344,616	42,760,603
Remuneration and employee benefits expense	6	(11,866,575)	(11,550,015)
Depreciation and amortisation	6	(1,283,677)	(867,509)
Other expenses	6	(79,746,753)	(26,229,356)
		8,447,611	4,113,723
Net surplus		8,447,611	4,113,723
Other comprehensive income		-	-
Total comprehensive income		8,447,611	4,113,723
Total comprehensive income attributable to the members of the Pharmacy Guild of Australia:		8,447,611	4,113,723

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 2014

	NOTE	2014 \$	2013 \$
ASSETS			
Current assets			
Cash and short-term deposits	7	37,680,034	29,343,816
Trade and other receivables	8	23,420,205	3,339,055
Other current assets	9	650,996	574,624
Total current assets		<u>61,751,235</u>	<u>33,257,495</u>
Non-current assets			
Other financial assets	10	5,586,261	5,586,263
Loans and receivables	10	18,781,580	19,281,580
Property, plant and equipment	11	808,693	1,218,214
Intangible assets	12	2,605,409	1,767,024
Total non-current assets		<u>27,781,943</u>	<u>27,853,081</u>
TOTAL ASSETS		<u>89,533,178</u>	<u>61,110,576</u>
LIABILITIES			
Current liabilities			
Trade and other payables	13	26,174,321	6,422,365
Government grants and project funds held		6,489,765	6,409,226
Deferred income		341,780	420,598
Employee benefit liabilities	14	2,186,933	1,927,522
Total current liabilities		<u>35,192,799</u>	<u>15,179,711</u>
Non-current liabilities			
Employee benefit liabilities	14	188,910	227,007
Total non-current liabilities		<u>188,910</u>	<u>227,007</u>
TOTAL LIABILITIES		<u>35,381,709</u>	<u>15,406,718</u>
NET ASSETS		<u>54,151,469</u>	<u>45,703,858</u>
MEMBERS FUNDS			
Reserves	15(a)	6,171,570	5,024,881
Accumulated funds	15(b)	47,979,899	40,678,977
		<u>54,151,469</u>	<u>45,703,858</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 2014**

	NOTE	Accumulated Funds \$	National Fighting Fund Reserve \$	Total Equity \$
Balance as at 1 July 2012		37,816,144	3,773,991	41,590,135
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>4,113,723</u>
Transfers from accumulated funds to National Fighting Fund reserve		<u>(1,250,890)</u>	<u>1,250,890</u>	<u>-</u>
Balance as at 30 June 2013	15	<u>40,678,977</u>	<u>5,024,881</u>	<u>45,703,858</u>
Net surplus for the period		8,447,611	-	8,447,611
Other comprehensive income		-	-	-
Total comprehensive income		<u>8,447,611</u>	<u>-</u>	<u>8,447,611</u>
Transfers from accumulated funds to National Fighting Fund reserve		<u>(1,146,689)</u>	<u>1,146,689</u>	<u>-</u>
Balance as at 30 June 2014	15	<u>47,979,899</u>	<u>6,171,570</u>	<u>54,151,469</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 2014**

	NOTE	2014 \$	2013 \$
Operating activities			
Receipts from operations		26,324,774	25,981,093
Interest received		1,912,410	1,983,334
Dividends received		4,800,000	4,340,000
Government grants and project funds received		51,613,885	17,717,784
Payments to suppliers and employees		<u>(75,134,222)</u>	<u>(42,570,846)</u>
Net cash flows from operating activities	7(b)	<u>9,516,847</u>	<u>7,451,365</u>
Investing activities			
Purchase of property, plant and equipment		(123,297)	(175,665)
Purchase of intangible assets		(1,598,432)	(1,260,898)
Proceeds from sale of property, plant and equipment		999	-
Loan repayment by Australian College of Pharmacy Limited		40,101	42,226
Loan repayment by GuildLink Pty Ltd		<u>500,000</u>	<u>500,000</u>
Net cash flows used in investing activities		<u>(1,180,629)</u>	<u>(894,337)</u>
Net increase in cash and cash equivalents		8,336,218	6,557,028
Cash and cash equivalents at beginning of period		29,343,816	22,786,788
Cash and cash equivalents at end of period	7	<u><u>37,680,034</u></u>	<u><u>29,343,816</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 2014**

NOTE 1 ORGANISATIONAL INFORMATION

The financial statements of The Pharmacy Guild of Australia - National Secretariat (the Guild) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution passed by the National Council on 15 October 2014.

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 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	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	1 July 2013

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014**

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

b) Statement of compliance (cont'd)

Reference	Title	Summary	Application date of standard*	Application date for Guild*
AASB 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> <p>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.</p>	1 July 2013	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	<p>AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following:</p> <p>(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).</p>	1 January 2013	1 July 2013
AASB 2013-9 [Part A]	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	<p>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.</p>	1 July 2013	1 July 2013

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 2014. 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	<p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures 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.</p>	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 2014**

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 9	Financial Instruments	<p>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.</p> <p>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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <p>(i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</p> <p>(ii) The remaining change is presented in profit or loss</p> <p>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.</p> <p>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.</p> <p>The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates the following primary changes:</p> <ul style="list-style-type: none"> - Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time - In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018 	1 January 2018	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2018
AASB 1031	Materiality	<p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.</p> <p>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.</p>	1 January 2014	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2014
AASB 2013-9 [Part B]	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	<p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p>	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 2014**

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 2013-9 (Part C)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Part C makes amendments to a number of Australian Accounting Standards.	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.

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

Revenue from subscriptions is accounted for an accrual basis and is recorded as revenue in the year to which it relates.

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. Interest income is included in other revenue in the statement of comprehensive income.

Dividends

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

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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014**

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

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 a 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.

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 the related expenditure is reflected in the statement of comprehensive income in the period in which the expenditure is incurred.

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

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014**

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 Guild can demonstrate:

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

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

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

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

k) Financial assets - initial recognition and subsequent measurement

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

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014

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

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

Derecognition

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

- i) The rights to receive cash flows from the asset have expired; or
- 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. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred '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 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 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.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected 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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014**

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

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

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

For assets excluding goodwill, an assessment is made at each reporting date whether there is an indication that previously recognised impairment losses no longer exist or 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.

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 a provision is presented in the income statement net of any reimbursement.

Employee leave benefits

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

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

(ii) *Long service leave*

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

a) Long service leave provision

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

b) Estimation of useful lives of assets

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

c) Impairment of assets

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

NOTE 4 INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-sections (1), (2), 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).

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
NOTE 5 INCOME		
Revenue from rendering of services		
Membership subscriptions ex branches (capitation fee)	5,809,486	5,590,100
Fighting fund income from other corporations	133,523	32,182
Quality Care Pharmacy Program (QCPP) income:		
Membership subscriptions (accreditation fees)	10,017,854	8,551,454
Assessment fees	1,817,104	2,323,062
Data reporting services	470,328	449,241
Sale of QCPP related items	48,730	82,630
Administration of government programs	2,388,190	-
Conference income	48,685	55,826
Drug Utilisation Sub-Committee (DUSC) / Chemdata income	-	85,635
Guild Digest	132,223	131,136
	<u>20,866,123</u>	<u>17,301,266</u>
 Component of capitation fee allocated to Fighting Fund	 <u>1,722,420</u>	 <u>1,629,329</u>
Other Revenue		
Interest received:		
Controlled entities	1,188,076	1,325,653
Other corporations	723,598	652,861
Commissions from controlled entity	885,090	882,420
Dividend income from controlled entity	4,800,000	4,340,000
Licence fees received from controlled entity	152,000	144,000
Referral fees from controlled entity	2,397,823	2,534,223
Rent received from branches	-	73,000
	<u>10,146,587</u>	<u>9,952,157</u>
Other income		
Government grants and project funds	69,504,268	14,693,478
Sponsorship income	404,399	248,848
Donations received for the Guild Members' Disaster Appeal Fund (to assist members that were severely affected by natural disasters across Australia)	-	76,764
Reversal of impairment losses	40,101	42,226
Other income	383,138	445,864
	<u>70,331,906</u>	<u>15,507,180</u>
	<u>101,344,616</u>	<u>42,760,603</u>
NOTE 6 EXPENSES		
Remuneration and employee benefits expense		
Wages and salaries - officers	967,557	1,075,515
Wages and salaries - employees (other than officers)	8,413,580	8,337,075
Superannuation - officers	52,570	65,221
Superannuation - employees (other than officers)	989,101	954,055
Provision for annual leave - officers	46,511	(46,953)
Provision for annual leave - employees (other than officers)	102,601	172,030
Provision for long service leave - officers	(2,487)	7,382
Provision for long service leave - employees (other than officers)	241,414	212,132
Separation and redundancies - officers	-	-
Separation and redundancies - employees (other than officers)	254,035	5,994
Other on-costs (payroll tax and workers compensation expenses)	801,693	767,564
Total remuneration and employee benefits expense	<u>11,866,575</u>	<u>11,550,015</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
NOTE 6 EXPENSES (cont'd)		
Depreciation and amortisation		
Depreciation	523,630	632,129
Amortisation of intangible assets	760,047	235,380
	<u>1,283,677</u>	<u>867,509</u>
Other expenses		
Administrative expenses	629,891	676,450
Affiliation fees (a)	87,330	80,525
Auditor remuneration:		
Audit fees	55,105	53,560
Other assurance services	55,356	46,027
Bank fees	110,693	107,503
Branch QCPP Management	2,275,316	2,211,960
Campaign expenses	548,585	8,022
Capitation fee	-	-
Cold chain expenses	222,700	295,300
Communication and marketing	93,899	294,968
Compulsory levies	-	-
Conference management	177,432	195,348
Consideration for employers making payroll deductions of membership subscriptions	-	-
Consultants expenses	629,404	484,064
Drug Utilisation Sub-Committee / Chemdata expenses	-	35,700
Donations (b)	58,912	125,404
Donations paid from the Guild Members' Disaster Appeal Fund (b)	-	76,764
E-learning expenses	108,214	293,949
Finance costs	-	-
Government grant expenses and program payments	67,060,025	12,362,312
Legal expenses - litigation	-	-
Legal expenses - other legal matters	231,561	489,182
Loss on disposal of fixed assets	8,189	28,930
Meeting & conference - fees/allowances	-	-
Meeting expenses:		
National Council	338,696	353,027
Committee expenses	150,364	200,556
Other meeting expenses	60,482	56,742
Member census	-	105,084
National membership database	114,555	138,847
Penalties imposed under the RO Act or RO Regulations	-	-
Project Stop	-	150,000
QCPP assessment expenses	2,052,409	2,455,709
Rent paid (minimum lease payments - operating lease)	858,915	947,322
Special projects	352,334	328,369
Standards maintenance assessments	1,358,391	1,212,287
Standards materials expenses	84,332	119,050
Subsidies to branches	676,229	637,484
Travel expenses (local and overseas)	324,685	468,842
Other expenses	1,022,749	1,190,069
Total other expenses	<u>79,746,753</u>	<u>26,229,356</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	48,530	47,117
Council of Small Business of Australia	7,650	6,955
Federation of Asian Pharmaceutical Association	-	316
International Pharmaceutical Federation	31,150	26,137
	<u>87,330</u>	<u>80,525</u>
(b) Grants or donations paid:		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	5,816	9,313
Total paid that exceeded \$1,000	53,096	192,855
	<u>58,912</u>	<u>202,168</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$

NOTE 7 CASH AND SHORT-TERM DEPOSITS

Guild cash		
Cash at bank and on hand	2,687,890	2,201,973
Short-term deposits	24,334,706	18,817,158
	27,022,596	21,019,131
Cash held in trust		
Cash at bank held in trust (a)	10,657,438	8,324,685
	10,657,438	8,324,685
Total cash and short-term deposits	37,680,034	29,343,816

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 and project funds provided by the Commonwealth of Australia.

(b) Reconciliation to statement of cash flows

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

Cash at bank and in hand	13,345,328	10,526,658
Short-term deposits	24,334,706	18,817,158
	37,680,034	29,343,816

Reconciliation of operating surplus to net cash flows from operations:

Operating surplus	8,447,611	4,113,723
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	523,630	632,129
Amortisation of intangible assets	760,047	235,380
Net loss on disposal of fixed assets	8,189	28,930
Reversal of impairment losses	(40,101)	(42,226)
Disposal of financial assets	2	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(20,400,505)	5,356,779
(Increase) in other current assets	(76,372)	(31,129)
Increase in trade and other payables	19,647,892	1,761,016
Increase in employee benefit liabilities	221,314	85,034
(Decrease)/increase in deferred income	(78,818)	248,098
Increase/(decrease) in net GST payable / receivable	423,419	(469,078)
Increase/(decrease) in government grants and project funds	80,539	(4,467,291)
Net cash flows from operating activities	9,516,847	7,451,365

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
NOTE 7 CASH AND SHORT-TERM DEPOSITS (cont'd)		
(c) Related party operating cash flows		
Cash inflows		
Branches:		
New South Wales	1,977,128	1,941,632
Victoria	1,309,254	1,287,491
Queensland	1,241,410	1,221,466
South Australia	477,203	451,143
Western Australia	758,652	716,883
Tasmania	190,195	241,009
Australian Capital Territory	103,395	90,745
Northern Territory	38,495	42,388
Other related parties		
Gold Cross Products and Services Pty Ltd	950,659	1,009,471
GuildLink Pty Ltd	83,907	158,069
Guild Group Holdings Limited	6,033,712	5,658,972
Guild Insurance Limited	2,518,632	2,639,167
Guild Financial Services Ltd	3,500	-
Meridian Lawyers	-	5,000
Fred Health Pty Ltd	16,400	23,867
Total related party cash inflows from operating activities	<u>15,702,542</u>	<u>15,487,303</u>
Cash outflows		
Branches:		
New South Wales	(1,131,604)	(1,570,565)
Victoria	(689,963)	(1,026,571)
Queensland	(748,212)	(1,079,246)
South Australia	(287,756)	(454,547)
Western Australia	(342,288)	(505,964)
Tasmania	(445,687)	(358,338)
Australian Capital Territory	(325,881)	(336,974)
Northern Territory	(392,862)	(449,667)
Other related parties		
Gold Cross Products and Services Pty Ltd	-	(2,920)
GuildLink Pty Ltd	(484,063)	(887,348)
Guild Group Holdings Limited	(493)	(6,329)
Meridian Lawyers	(198,824)	(234,802)
InnovationRX Pty Ltd	-	(8,042)
Fred Health Pty Ltd	(7,200)	(25,790)
Total related party cash outflows used in operating activities	<u>(5,054,833)</u>	<u>(6,947,103)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$

NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)

Trade and other receivables	21,976,761	1,465,910
Allowance for impairment loss	-	-
	21,976,761	1,465,910
Amounts receivable from related entities:		
Branch debtors	52,757	68,168
Gold Cross Products and Services Pty Limited	248,086	262,666
Guild Insurance Limited	949,438	1,036,497
Guild Group Holdings Limited	167,200	167,200
GuildLink Pty Ltd	20,463	14,859
Fred Health Pty Ltd	5,500	4,400
Net GST receivable	-	319,355
Carrying amount of trade and other receivables	23,420,205	3,339,055
Trade and other receivables includes the following amounts owing by a jointly controlled entity:		
Australian Association of Consultant Pharmacy Pty Limited	-	-

(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	22,402,337	3,100,138
31-60 days	76,258	146,135
61-90 days	28,952	39,267
> 90 days, past due not impaired	912,658	53,515
> 90 days, considered impaired	-	-
Total	23,420,205	3,339,055

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	4,703	1,843
Victoria	11,018	6,300
Queensland	3,218	2,727
South Australia	6,925	7,146
Western Australia	11,337	18,932
Tasmania	8,223	17,120
Australian Capital Territory	4,314	9,605
Northern Territory	3,019	4,495
	52,757	68,168
Allowance for impairment loss	-	-
	52,757	68,168

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 2014, the Guild has not made any allowance for impairment losses relating to amounts owed by related parties as the payment history has been sound (2013: \$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.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
NOTE 9 OTHER CURRENT ASSETS (CURRENT)		
Prepayments	650,996	574,624
	<u>650,996</u>	<u>574,624</u>
NOTE 10 OTHER FINANCIAL ASSETS AND RECEIVABLES (NON-CURRENT)		
Other Financial Assets		
At Cost		
Investments in controlled entities:		
Shares in controlled entities - unlisted		
Pharmacy Guild Home Infusion Association Pty Limited		
2 ordinary shares (2014: 0%, 2013: 100%)	-	2
GuildNET Pty Limited		
18 ordinary shares (2014: 100%, 2013: 100%)	18	18
Guild Group Holdings Limited		
3,585,434 ordinary shares at \$1 per share (2014: 100%, 2013: 100%)	3,585,434	3,585,434
20,000 ordinary shares at \$100 per share (2014: 100%, 2013: 100%)	2,000,000	2,000,000
Gold Cross Products and Services Pty Ltd		
402 ordinary shares (2014: 100%, 2013: 100%)	804	804
National Pharmacy Television Pty Limited		
1 ordinary share (2014: 100%, 2013: 100%)	1	1
Pharmacy Electronic Network Telecommunications And Logistics Pty Ltd		
1 ordinary share (2014: 100%, 2013: 100%)	1	1
GuildLink Pty Ltd		
1 ordinary share (2014: 100%, 2013: 100%)	1	1
	<u>5,586,259</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 (2014: 50%, 2013: 50%)	2	2
Total other financial assets	<u>5,586,261</u>	<u>5,586,263</u>
Loans and receivables		
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		
	1,450,000	1,950,000
	<u>1,861,580</u>	<u>2,361,580</u>
Unsecured promissory notes (controlled entities):		
Guild Group Holdings Limited		
	16,840,000	16,840,000
Unsecured loan to Australian College of Pharmacy Limited		
	-	40,101
Provision for impairment losses		
	-	(40,101)
	<u>-</u>	<u>-</u>
Total loans and receivables	<u>18,781,580</u>	<u>19,281,580</u>
Total Other Financial Assets, Loans and Receivables	<u>24,367,841</u>	<u>24,867,843</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
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	2014	2013
	\$	\$

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

(a) Loans and receivables

(i) Guild Group Holdings Limited

On 30 June 2014, Guild Group Holdings Limited issued to the Pharmacy Guild of Australia - National Secretariat 1,684 unsecured promissory notes at an issue price of \$10,000 each (total value of \$16,840,000). These notes have a term of 9 years and 11 months and are repayable on 31 May 2024. The rate of interest applicable to the notes is the 180 Day Bank Bill Discount Rate plus 350 basis points. The rate of interest is determined on a six monthly basis and the interest payable is cumulative and accrues daily.

In the event of a *non-viability trigger event* the Notes will be immediately and irrevocably, in the first instance, be converted into ordinary shares of Guild Group Holdings Limited, or failing that, written off. A *non-viability trigger event* occurs when the Australian Prudential Regulation Authority notifies Guild Group Holdings Ltd in writing that it believes that (a) the conversion or write-off of Notes is necessary because, without conversion or write-off, Guild Group Holdings Limited would become non-viable; or (b) that without a public sector injection of capital, or equivalent support, Guild Group Holdings Limited would become non-viable.

(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) 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 5.5% as at reporting date (2013: 5.75%)

(b) 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.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
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	2014	2013
	\$	\$
NOTE 11 PROPERTY, PLANT AND EQUIPMENT		
Reconciliation of carrying amounts at the beginning and end of period		
Office equipment - at cost		
As at 1 July, net of accumulated depreciation and impairment	1,028,806	1,467,919
Additions	123,297	175,665
Disposals	(4,829)	(2,008)
Depreciation	(507,347)	(612,770)
As at 30 June, net of accumulated depreciation and impairment	<u>639,927</u>	<u>1,028,806</u>
Cost	3,858,477	3,826,970
Accumulated depreciation and impairment	(3,218,550)	(2,798,164)
Net carrying amount	<u>639,927</u>	<u>1,028,806</u>
Motor vehicles - at cost		
As at 1 July, net of accumulated depreciation and impairment	72,223	118,503
Disposals	-	(26,921)
Depreciation	(16,283)	(19,359)
As at 30 June, net of accumulated depreciation and impairment	<u>55,940</u>	<u>72,223</u>
Cost	113,261	113,261
Accumulated depreciation and impairment	(57,321)	(41,038)
Net carrying amount	<u>55,940</u>	<u>72,223</u>
Artwork - at cost		
As at 1 July, net of accumulated depreciation and impairment	99,559	99,559
Disposals	(3,359)	-
As at 30 June, net of accumulated depreciation and impairment	<u>96,200</u>	<u>99,559</u>
Net carrying amount at beginning and end	<u>96,200</u>	<u>99,559</u>
Antiques - at cost		
As at 1 July, net of accumulated depreciation and impairment	17,626	17,626
Disposals	(1,000)	-
As at 30 June, net of accumulated depreciation and impairment	<u>16,626</u>	<u>17,626</u>
Net carrying amount at beginning and end	<u>16,626</u>	<u>17,626</u>
Total Property, Plant and Equipment - at cost		
As at 1 July, net of accumulated depreciation and impairment	1,218,214	1,703,607
Additions	123,297	175,665
Disposals	(9,188)	(28,929)
Depreciation	(523,630)	(632,129)
As at 30 June, net of accumulated depreciation and impairment	<u>808,693</u>	<u>1,218,214</u>
Cost	4,084,564	4,057,416
Accumulated depreciation and impairment	(3,275,871)	(2,839,202)
Net carrying amount	<u>808,693</u>	<u>1,218,214</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
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	2014	2013
	\$	\$
NOTE 12 INTANGIBLE ASSETS		
Reconciliation of carrying amounts at the beginning and end of period		
Software - at cost		
As at 1 July, net of accumulated amortisation and impairment	1,597,238	-
Additions	784,523	1,091,111
Transfers	80,968	741,507
Amortisation	<u>(760,047)</u>	<u>(235,380)</u>
As at 30 June, net of accumulated amortisation and impairment	<u>1,702,682</u>	<u>1,597,238</u>
Cost	2,698,109	1,832,618
Accumulated amortisation and impairment	<u>(995,427)</u>	<u>(235,380)</u>
Net carrying amount	<u>1,702,682</u>	<u>1,597,238</u>
Software in progress - at cost		
As at 1 July	169,786	741,507
Additions	813,909	169,786
Transfers	<u>(80,968)</u>	<u>(741,507)</u>
As at 30 June	<u>902,727</u>	<u>169,786</u>
Cost	902,727	169,786
Accumulated amortisation and impairment	<u>-</u>	<u>-</u>
Net carrying amount	<u>902,727</u>	<u>169,786</u>
Total intangible assets - at cost		
As at 1 July, net of accumulated amortisation and impairment	1,767,024	741,507
Additions	1,598,432	1,260,897
Amortisation	<u>(760,047)</u>	<u>(235,380)</u>
As at 30 June, net of accumulated amortisation and impairment	<u>2,605,409</u>	<u>1,767,024</u>
Cost	3,600,836	2,002,404
Accumulated amortisation and impairment	<u>(995,427)</u>	<u>(235,380)</u>
Net carrying amount	<u>2,605,409</u>	<u>1,767,024</u>

NOTE 13 TRADE AND OTHER PAYABLES (CURRENT)

Trade and other payables	3,305,639	1,724,879
Accrued expenses	22,399,809	4,082,964
Amounts payable to related entities:		
Branch creditors	332,359	476,219
Gold Cross Products and Services Pty Limited	51	51
Fred Health Pty Limited	-	2,200
GuildLink Pty Ltd	21,175	79,159
Meridian Lawyers Limited	6,820	52,489
Consideration for employers making payroll deductions of membership subscriptions	-	-
Net GST payable	104,064	-
Amounts held on trust:		
MPA	4,404	4,404
	<u>26,174,321</u>	<u>6,422,365</u>
Payables include the following:		
Legal fees payable		
- In respect of litigation	-	-
- In respect of other legal matters	43,118	53,745
	<u>43,118</u>	<u>53,745</u>

(a) Fair value

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

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	2014	2013
	\$	\$

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

(b) Related party payables

Branch creditors as at 30 June comprised:

New South Wales	35,320	46,815
Victoria	27,892	33,970
Queensland	1,304	27,981
South Australia	154	18,308
Western Australia	5,399	22,860
Tasmania	81,594	118,828
Australian Capital Territory	61,160	49,821
Northern Territory	119,536	157,636
	332,359	476,219

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 EMPLOYEE BENEFIT LIABILITIES

Current

Annual leave	884,607	932,154
Separation and redundancies	165,420	-
Long service leave	1,136,906	995,368
	2,186,933	1,927,522

Non-Current

Long service leave	188,910	227,007
	188,910	227,007

Employee entitlements (annual leave) in respect of :

- officers	62,644	122,768
- other employees	821,963	809,386
	884,607	932,154

Employee entitlements (separation and redundancies) in respect of:

- officers	-	-
- other employees	165,420	-
	165,420	-

Employee entitlements (long service leave) in respect of:

- officers	1,112	85,577
- other employees	1,324,704	1,136,798
	1,325,816	1,222,375

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

NOTE 15 RESERVES AND ACCUMULATED FUNDS

(a)	National Fighting Fund reserve		
	Balance at the beginning of year	5,024,881	3,773,991
	Transfer from accumulated funds	1,146,689	1,250,890
	Balance at the end of year	6,171,570	5,024,881
	Total Reserves	6,171,570	5,024,881

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$

NOTE 15 RESERVES AND ACCUMULATED FUNDS (Cont'd)

(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 2014 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.

(b) Accumulated Funds

Balance at the beginning of the year	40,678,977	37,816,144
Net surplus attributable to the Guild	8,447,611	4,113,723
Transfer (to) the Fighting Fund reserve	(1,146,689)	(1,250,890)
Balance at the end of the year	47,979,899	40,678,977

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	819,959	797,169
After one year but not more than five years	3,279,834	3,188,677
After more than five years	409,979	1,195,754
	4,509,772	5,181,600

NOTE 17 RELATED PARTY DISCLOSURES

The following related party transactions occurred during the financial year:

a)	Subscriptions income was received from the following Branches (capitation fee):		
	New South Wales	1,891,896	1,829,224
	Victoria	1,261,022	1,188,579
	Queensland	1,178,159	1,153,246
	South Australia	456,153	432,184
	Western Australia	718,742	689,888
	Tasmania	172,202	172,456
	Australian Capital Territory	95,918	89,423
	Northern Territory	35,394	35,100
		5,809,486	5,590,100
	Amounts allocated to the Fighting Fund from capitation fees received:		
	New South Wales	561,744	522,288
	Victoria	363,357	345,774
	Queensland	368,433	359,879
	South Australia	135,324	127,348
	Western Australia	206,424	190,619
	Tasmania	48,222	46,345
	Australian Capital Territory	27,072	25,792
	Northern Territory	11,844	11,284
		1,722,420	1,629,329

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	2014	2013
	\$	\$
NOTE 17 RELATED PARTY DISCLOSURES (Cont'd)		
b) During the year the National Secretariat received Guild Digest income from the Branches:		
New South Wales	40,123	39,032
Victoria	28,750	27,764
Queensland	30,130	30,052
South Australia	8,867	9,141
Western Australia	16,468	15,796
Tasmania	3,828	3,828
Australian Capital Territory	1,886	1,848
Northern Territory	1,012	968
	<u>131,064</u>	<u>128,429</u>
c) Rent charged to Branches during the year:		
Tasmania	<u>-</u>	<u>73,000</u>
d) Continuing professional development accreditation income was received from the following Branches and controlled entities:		
New South Wales	3,300	4,150
Victoria	-	300
Queensland	1,500	6,059
South Australia	-	350
Western Australia	300	700
Tasmania	-	150
Australian Capital Territory	300	800
Gold Cross Products and Services Pty Ltd	500	-
	<u>5,900</u>	<u>12,509</u>
e) Consulting income was received from the following Branches:		
New South Wales	44,669	42,744
Victoria	24,200	24,200
Queensland	32,112	28,987
South Australia	8,462	8,462
Western Australia	15,547	15,472
Tasmania	5,268	6,093
Northern Territory	613	613
	<u>130,871</u>	<u>126,571</u>
f) Interest income was received from the following controlled entities:		
Guild Group Holdings Limited	1,072,621	1,165,081
GuildLink Pty Ltd	89,511	134,628
Gold Cross Products and Services Pty Ltd	25,944	25,944
	<u>1,188,076</u>	<u>1,325,653</u>
g) National Secretariat received referral fee income from Guild Insurance Limited, a subsidiary of Guild Group Holdings Limited.	<u>2,397,823</u>	<u>2,534,223</u>
h) During the year the National Secretariat received commission income from Gold Cross Products and Services Pty Limited.	<u>885,090</u>	<u>882,420</u>
i) Licence fee income received from Guild Group Holdings Limited.	<u>152,000</u>	<u>152,000</u>
j) Dividend income received from Guild Group Holdings Limited.	<u>4,800,000</u>	<u>4,340,000</u>
k) During the year the National Secretariat received advertising income from: Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	<u>7,500</u>	<u>7,500</u>
l) During the year the National Secretariat received sponsorship income from:		
South Australia Branch	3,500	-
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	15,000	15,000
Guild Group Holdings Ltd	9,091	9,091
Guild Financial Services Ltd, a subsidiary of Guild Group Holdings Ltd	3,500	-
Gold Cross Products and Services Pty Ltd	24,545	34,545
GuildLink Pty Ltd	-	5,000
Meridian Lawyers, a subsidiary of Guild Group Holdings Ltd	-	5,000
Fred Health Pty Ltd, an associate of the Victorian Branch	17,500	11,667
	<u>73,136</u>	<u>80,303</u>

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	2014	2013
	\$	\$
NOTE 17 RELATED PARTY DISCLOSURES (Cont'd)		
m) E-learning platform module hosting income received from Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	11,250	3,750
n) 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	-	10,000
Gold Cross Products and Services Pty Limited	-	10,000
GuildLink Pty Ltd	-	10,000
	-	30,000
o) 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
p) Government grant & program payments made to Branches:		
New South Wales	-	(201,760)
Victoria	-	(175,760)
Queensland	-	(192,400)
South Australia	-	(139,360)
Western Australia	-	(145,600)
Tasmania	-	(66,560)
Australian Capital Territory	-	(49,920)
Northern Territory	(16,667)	(61,360)
	(16,667)	(1,032,720)
q) The National Secretariat has given subsidies to the following Branches to part fund their operations:		
Tasmania	(247,560)	(150,315)
Australian Capital Territory	(220,000)	(200,000)
Northern Territory	(208,669)	(287,169)
	(676,229)	(637,484)
No terms or conditions are attached to the financial support provided to these Branches.		
r) During the year the National Secretariat made payments to the following branches for QCPP Management and Standards Maintenance Assessment:		
New South Wales	(876,409)	(821,408)
Victoria	(604,781)	(565,685)
Queensland	(706,092)	(671,993)
South Australia	(263,602)	(253,334)
Western Australia	(314,827)	(292,361)
Tasmania	(160,893)	(157,466)
Australian Capital Territory	(116,720)	(113,990)
Northern Territory	(79,426)	(77,012)
	(3,122,750)	(2,953,249)
s) During the year the National Secretariat paid the NSW Branch for Cold Chain expenses	(222,700)	(295,300)
t) During the year the National Secretariat provided sponsorship to the following branches:		
Queensland	(1,818)	-
Tasmania	-	(500)
Australian Capital Territory	(500)	(500)
	(2,318)	(1,000)
u) Funds were provided to the following Branches to undertake projects during the year:		
New South Wales	(21,000)	(21,000)
Victoria	(21,000)	(21,000)
Queensland	(13,625)	(13,625)
South Australia	(6,000)	(6,000)
Western Australia	(10,000)	(10,000)
Tasmania	-	(2,250)
Australian Capital Territory	-	(2,250)
Northern Territory	(50,000)	(17,250)
	(121,625)	(93,375)

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	2014	2013
	\$	\$

NOTE 17 RELATED PARTY DISCLOSURES (Cont'd)

v)	During the year rent was paid to the following Branches: Victoria	<u>(58,104)</u>	<u>(87,120)</u>
w)	Government grant & program payments made to GuildLink Pty Ltd	<u>(231,174)</u>	<u>(267,576)</u>
x)	During the year the National Secretariat paid DUSC expenses to Fred Health Pty Ltd, an associate of the Victorian Branch	<u>(5,000)</u>	<u>(23,700)</u>
y)	Rent paid to Guild Group Holdings Limited	<u>(493)</u>	<u>(6,329)</u>
z)	During the year the National Secretariat paid legal fees to Meridian Lawyers Limited, a subsidiary of Guild Group Holdings Limited	<u>(153,155)</u>	<u>(264,971)</u>
aa)	During the year the National Secretariat paid National Database licence fees to: GuildLink Pty Ltd InnovationRX Pty Ltd, a subsidiary of the Queensland Branch	<u>(114,555)</u> - <u>(114,555)</u>	<u>(106,285)</u> <u>(8,042)</u> <u>(114,327)</u>
ab)	Fees paid to GuildLink Pty Ltd for projects conducted during the year	<u>(80,350)</u>	<u>(294,969)</u>
ac)	During the year the National Secretariat paid amounts to GuildLink Pty Ltd for capital works	<u>-</u>	<u>(153,892)</u>

NOTE 18 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) National Council

S.B. Banks (resigned 1 October 2013)
T. Battalis
H.W.G. Cuthill
M. Douglass (appointed 1 October 2013)
J.C. Dowling
A. Galbraith
T.J. Logan
P.S. McBeath
Z.L. Mullen
N. Panayiaris
D.R. Sanghvi
K.S. Sclavos (resigned 21 October 2013)
P.G. Sinclair
G. Tambassis
A. Tassone (appointed 22 October 2013)
T. Twomey
T. Riley
I.P. Todd
S. Wragg (appointed 24 September 2013)
H.D. Zafer (resigned 24 September 2013)

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

Short-term employee benefits	2,258,665	2,477,300
Post employment benefits	272,066	308,952
Other long-term benefits	52,707	65,242
Termination benefits	143,761	-
Total compensation	<u>2,727,199</u>	<u>2,851,494</u>

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	2014	2013
	\$	\$

NOTE 19 CONTINGENT LIABILITIES

There are no contingent liabilities.

NOTE 20 EVENTS AFTER THE BALANCE SHEET DATE

On 2 September 2014, the directors of Guild Group Holdings Limited declared a dividend on ordinary shares in respect of the 2014 financial year. The total amount of the dividend payable to the Guild is \$3,500,000.

NOTE 21 AUDITOR REMUNERATION

Remuneration to auditors		
Audit fees	55,105	53,560
Other assurance services	55,356	46,027
	110,461	99,587

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) The National Secretariat has not received any financial support from the branches of the organisation.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
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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 is exposed to interest rate risk, credit risk and liquidity risk.

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

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

(i) Interest rate risk

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

The Guild's exposure to the risk of changes in market interest rates relates to the Guild's cash, 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:

	2014	2013
	\$	\$
Financial Assets		
Cash	13,345,328	10,526,658
Short-term deposits	24,334,706	18,817,158
Amounts receivable from controlled entities:		
GuildLink Pty Ltd	1,450,000	1,950,000
Guild Group Holdings Limited	16,840,000	16,840,000
	<u>55,970,034</u>	<u>48,133,816</u>

At 30 June 2014, 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)	
	2014	2013
	\$	\$
+ 1% (100 basis points)	425,809	358,477
- 1% (100 basis points)	(425,809)	(358,477)

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

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

(ii) Foreign Currency Risk

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

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NOTES TO THE FINANCIAL STATEMENTS
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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 (2013: \$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	2014 \$	2013 \$
Cash and short-term deposits	7	37,680,034	29,343,816
Trade and other receivables (current)	8	23,420,205	3,339,055
Other financial assets	10	5,586,261	5,586,263
Receivables (non-current)	10	18,781,580	19,281,580
		<u>85,468,080</u>	<u>57,550,714</u>

(v) Liquidity Risk

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

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

The Guild has no borrowings.

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

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

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

Year ended 30 June 2014	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
Financial Assets					
Cash & short-term deposits	37,680,034	-	-	-	37,680,034
Trade & other receivables	23,420,205	-	-	18,781,580	42,201,785
	<u>61,100,239</u>	<u>-</u>	<u>-</u>	<u>18,781,580</u>	<u>79,881,819</u>
Financial Liabilities					
Trade & other payables	26,174,321	-	-	-	26,174,321
Net	<u>34,925,918</u>	<u>-</u>	<u>-</u>	<u>18,781,580</u>	<u>53,707,498</u>
Year ended 30 June 2013	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
Financial Assets					
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>
Financial Liabilities					
Trade & other payables	6,422,365	-	-	-	6,422,365
Net	<u>26,260,506</u>	<u>-</u>	<u>-</u>	<u>19,281,580</u>	<u>45,542,086</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 2014, 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 the Committee of Management's Statement of the Guild.

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:

- (a) the financial report presents fairly, in all material respects, the financial position of The Pharmacy Guild of Australia – National Secretariat as at 30 June 2014 and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and *Fair Work (Registered Organisations) Act 2009*;
- (b) the financial report also complies with the requirements imposed by the Fair Work Reporting Guidelines; and
- (d) management’s use of the going concern basis of accounting in the preparation of The Pharmacy Guild of Australia – National Secretariat financial statements is appropriate.



Ernst & Young



Ben Tansley
Canberra
16 October 2014

Registered Auditor with ASIC No. 342244
Institute of Chartered Accountants in Australia
Membership number: 48000