



FAIR WORK
COMMISSION

14 December 2015

Mr John Dowling
National Vice-President, Finance
The Pharmacy Guild of Australia

Sent via email: guild.nat@guild.org.au Mark.Hill@guild.org.au

Dear Mr Dowling,

Re: Lodgement of Financial Statements and Accounts – The Pharmacy Guild of Australia - for year ended 30 June 2015 (FR2015/108)

I refer to the financial report for The Pharmacy Guild of Australia. The report was lodged with the Fair Work Commission on 30 November 2015.

The financial report has been 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 2016 may be subject to an advanced compliance review.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

If you require further information on the financial reporting requirements of the Act, I may be contacted by email at stephen.kellett@fwc.gov.au

Yours sincerely

Stephen Kellett
Senior Adviser
Regulatory Compliance Branch

cc. Mr Mark Hill, National Manager, Finance and Corporate Governance



The Pharmacy
Guild of Australia

THE PHARMACY GUILD OF AUSTRALIA – NATIONAL SECRETARIAT

CERTIFICATE OF VERIFICATION

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

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

1. The documents lodged herewith, being the Annual Report of the Pharmacy Guild of Australia – National Secretariat, 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 2015, 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 2 November 2015 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 2015, in accordance with s266(3) of the *Fair Work (Registered Organisations) Act 2009*.

DATED THIS THIRTIETH DAY OF NOVEMBER 2015

**JOHN CHRISTOPHER DOWLING
NATIONAL VICE PRESIDENT (FINANCE)**



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 2015 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 2015 to which this report relates the number of members of the organisation was 3,657.
- (ii) As at 30 June 2015 the total number of employees employed by the reporting entity was 98.
- (iii) During the financial year ended 30 June 2015 the following persons were members of National Council for the whole period, unless otherwise stated:

T. Battalis	A. Pricolo (appointed 24 November 2014)
H.W.G. Cuthill (resigned 24 November 2014)	D.R. Sanghvi (resigned 24 November 2014)
M. Douglass	P.G. Sinclair
J.C. Dowling	G. Tambassis
A. Galbraith	A. Tassone
D Leahy (appointed 24 November 2014)	T. Twomey
T.J. Logan	T. Riley (resigned 24 November 2014)
P.S. McBeath (resigned 24 November 2014)	I.P. Todd
Z.L. Mullen	G. Ward (appointed 24 November 2014)
N. Panayiaris	S. Wragg

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

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

J.C. Dowling

D.R. Sanghvi (resigned 31 December 2014)

T.J. Logan

I.P. Todd (appointed 1 January 2015)



JOHN CHRISTOPHER DOWLING

16 October 2015

**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 2015 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 2015 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2015;
- (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 2015



JOHN CHRISTOPHER DOWLING
16 October 2015

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 \$	2014 \$
Income			
Revenue from rendering of services	5	25,408,458	20,866,123
Other revenue	5	8,667,374	10,146,587
Other income	5	135,382,626	70,331,906
		<u>169,458,458</u>	<u>101,344,616</u>
Expenses			
Remuneration and employee benefits expense	6	(12,644,274)	(11,866,575)
Depreciation and amortisation	6	(1,768,501)	(1,283,677)
Other expenses	6	(152,530,381)	(79,746,753)
		<u>(166,943,156)</u>	<u>(92,897,005)</u>
Net surplus		<u><u>2,515,302</u></u>	<u><u>8,447,611</u></u>
Other comprehensive income		-	-
Total comprehensive income		<u><u>2,515,302</u></u>	<u><u>8,447,611</u></u>
Total comprehensive income attributable to the members of the Pharmacy Guild of Australia:		<u><u>2,515,302</u></u>	<u><u>8,447,611</u></u>

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	NOTE	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and short-term deposits	7	59,145,969	37,680,034
Trade and other receivables	8	6,789,530	23,420,205
Other current assets	9	588,126	650,996
Total current assets		<u>66,523,625</u>	<u>61,751,235</u>
Non-current assets			
Other financial assets	10	5,586,260	5,586,261
Loans and receivables	10	18,281,580	18,781,580
Property, plant and equipment	11	733,386	808,693
Intangible assets	12	1,909,630	2,605,409
Total non-current assets		<u>26,510,856</u>	<u>27,781,943</u>
TOTAL ASSETS		<u>93,034,481</u>	<u>89,533,178</u>
LIABILITIES			
Current liabilities			
Trade and other payables	13	17,519,262	26,174,321
Government grants and project funds held		16,295,400	6,489,765
Deferred income		336,847	341,780
Employee benefit liabilities	14	2,080,777	2,186,933
Total current liabilities		<u>36,232,286</u>	<u>35,192,799</u>
Non-current liabilities			
Employee benefit liabilities	14	135,424	188,910
Total non-current liabilities		<u>135,424</u>	<u>188,910</u>
TOTAL LIABILITIES		<u>36,367,710</u>	<u>35,381,709</u>
NET ASSETS		<u>56,666,771</u>	<u>54,151,469</u>
MEMBERS FUNDS			
Reserves	15(a)	4,287,058	6,171,570
Accumulated funds	15(b)	52,379,713	47,979,899
		<u>56,666,771</u>	<u>54,151,469</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 2015

	NOTE	Accumulated Funds \$	National Fighting Fund Reserve \$	Total Equity \$
Balance as at 1 July 2013		40,678,977	5,024,881	45,703,858
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>
Net surplus for the period		2,515,302	-	2,515,302
Other comprehensive income		-	-	-
Total comprehensive income		<u>2,515,302</u>	<u>-</u>	<u>2,515,302</u>
Transfers from National Fighting Fund reserve to accumulated funds		<u>1,884,512</u>	<u>(1,884,512)</u>	<u>-</u>
Balance as at 30 June 2015	15	<u>52,379,713</u>	<u>4,287,058</u>	<u>56,666,771</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 2015

	NOTE	2015 \$	2014 \$
Operating activities			
Receipts from operations		32,590,709	26,324,774
Interest received		1,992,043	1,912,410
Dividends received		3,500,000	4,800,000
Government grants and project funds received		161,923,453	51,613,885
Payments to suppliers and employees		<u>(178,034,014)</u>	<u>(75,134,222)</u>
Net cash flows from operating activities	7(b)	<u>21,972,191</u>	<u>9,516,847</u>
Investing activities			
Purchase of property, plant and equipment		(253,817)	(123,297)
Purchase of intangible assets		(793,939)	(1,598,432)
Proceeds from sale of property, plant and equipment		41,500	999
Loan repayment by Australian College of Pharmacy Limited		-	40,101
Loan repayment by GuildLink Pty Ltd		<u>500,000</u>	<u>500,000</u>
Net cash flows used in investing activities		<u>(506,256)</u>	<u>(1,180,629)</u>
Net increase in cash and cash equivalents		21,465,935	8,336,218
Cash and cash equivalents at beginning of period		37,680,034	29,343,816
Cash and cash equivalents at end of period	7	<u><u>59,145,969</u></u>	<u><u>37,680,034</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 2015**

NOTE 1 ORGANISATIONAL INFORMATION

The financial statements of The Pharmacy Guild of Australia - National Secretariat (the Guild) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution passed by the National Council on 15 October 2015.

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

b) Statement of compliance

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

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 1031	Materiality	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. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014.	1 January 2014	1 July 2014
AASB 2013-9 [Part B]	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard makes amendments to a number of Standards and Interpretations. 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.	1 January 2014	1 July 2014

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

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

b) Statement of compliance (cont'd)

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Guild for the annual reporting period ended 30 June 2015. These are outlined below.

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
AASB 9	Financial Instruments	<p>AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</p> <p>Classification and measurement AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below.</p> <p>Financial assets a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>Impairment The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p>	1 January 2018	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2018

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

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 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	<p>AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	1 January 2016	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2016
AASB 15	Revenue from Contracts with Customers	<p>In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue- Barter Transactions Involving Advertising Services).</p> <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <p>(a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p>	1 January 2017	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2017
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	<p>AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p> <p>AASB 2014-9 also makes editorial corrections to AASB 127.</p> <p>AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.</p>	1 January 2016	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2016

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

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 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB’s Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.			
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB’s project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 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 on an accrual basis and is recorded as revenue in the year to which it relates.

Accreditation Fees

Revenue from accreditation fees is recognised when accreditations are issued.

Assessment Fees

Revenue from assessment fees is recognised as and when the assessment activities are performed.

Administration of Government Programs

Revenue from the administration of government programs is recognised over the period of time that the administration services are provided.

Interest

For all financial 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). The EIR is the rate that exactly discounts estimated future cash receipts over 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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

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

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, or contains, a lease if 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.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Guild is classified as a finance lease. An operating lease is a lease other than a finance lease.

Finance Leases

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

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

Operating Leases

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

f) Cash and Short-Term Deposits

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

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

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

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

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

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

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

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

i) Property, Plant and Equipment

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

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

Plant and equipment - 3 to 10 years

Motor vehicles - 5 years

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

Derecognition and disposal

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

Any gain or loss arising on 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.

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

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

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

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.

Derecognition

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

- 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 debtor 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.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

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

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

(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.

l) Impairment of non-financial assets

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

Value in use for Guild assets is taken to be its 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 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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

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

n) Provisions and employee benefits (cont'd)

(ii) Long service leave

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

o) Current versus non-current classification

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

An asset is current when it is:

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

The Guild classifies all other assets as non-current.

A liability is current when:

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

The Guild classifies all other liabilities as non-current.

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

a) Long service leave provision

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

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 2015

	2015	2014
	\$	\$
NOTE 5 INCOME		
Revenue from rendering of services		
Membership subscriptions ex branches (capitation fee)	5,993,874	5,809,486
Fighting fund income from other corporations	952,746	133,523
Levies (compulsory or voluntary)	-	-
Quality Care Pharmacy Program (QCPP) income:		
Accreditation fees	10,268,423	10,017,854
Assessment fees	2,431,291	1,817,104
Data reporting services	491,292	470,328
Sale of QCPP related items	40,933	48,730
Administration of government programs	5,160,431	2,388,190
Conference income	67,580	48,685
Guild Digest	1,888	132,223
	<u>25,408,458</u>	<u>20,866,123</u>
Component of capitation fee allocated to Fighting Fund	<u>1,738,355</u>	<u>1,722,420</u>
Other Revenue		
Interest received:		
Controlled entities	1,167,025	1,188,076
Other corporations	821,780	723,598
Commissions from controlled entity	872,207	885,090
Dividend income from controlled entity	3,500,000	4,800,000
Licence fees received from controlled entity	57,000	152,000
Referral fees from controlled entity	2,249,362	2,397,823
	<u>8,667,374</u>	<u>10,146,587</u>
Other income		
Donations received	-	-
Government grants and project funds	134,538,424	69,504,268
Litigation settlements	90,000	-
Sponsorship income	520,154	404,399
Reversal of impairment losses	-	40,101
Other income	234,048	383,138
	<u>135,382,626</u>	<u>70,331,906</u>
	<u>169,458,458</u>	<u>101,344,616</u>
NOTE 6 EXPENSES		
Remuneration and employee benefits expense		
Wages and salaries - officers	967,742	967,557
Wages and salaries - employees (other than officers)	9,237,395	8,413,580
Superannuation - officers	55,426	52,570
Superannuation - employees (other than officers)	1,089,469	989,101
Provision for annual leave - officers	30,420	46,511
Provision for annual leave - employees (other than officers)	173,939	102,601
Provision for long service leave - officers	2,733	(2,487)
Provision for long service leave - employees (other than officers)	142,632	241,414
Separation and redundancies - officers	-	-
Separation and redundancies - employees (other than officers)	92,353	254,035
Other on-costs (payroll tax and workers compensation expenses)	852,165	801,693
Total remuneration and employee benefits expense	<u>12,644,274</u>	<u>11,866,575</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
NOTE 6 EXPENSES (cont'd)		
Depreciation and amortisation		
Depreciation	278,783	523,630
Amortisation of intangible assets	1,489,718	760,047
	<u>1,768,501</u>	<u>1,283,677</u>
Other expenses		
Administrative expenses	657,172	629,891
Affiliation fees (a)	90,894	87,330
Auditor remuneration:		
Audit fees	56,753	55,105
Other assurance services	74,469	55,356
Bank fees	122,437	110,693
Branch QCPP Management	2,698,931	2,275,316
Campaign expenses	3,539,272	548,585
Capitation fee	-	-
Cold chain expenses	320,100	222,700
Communication and marketing	82,370	93,899
Compulsory levies	-	-
Conference management	256,341	177,432
Consideration for employers making payroll deductions of membership subscriptions	-	-
Consultants expenses	1,108,236	629,404
Donations and grants (b)	120,301	58,912
E-learning expenses	127,232	108,214
Government grant expenses and program payments	134,740,617	67,060,025
Legal expenses - litigation	24,021	-
Legal expenses - other legal matters	370,100	231,561
Loss on disposal of fixed assets	8,841	8,189
Meeting & conference - fees/allowances	-	-
Meeting expenses:		
National Council	355,470	338,696
Committee expenses	276,931	150,364
Other meeting expenses	295,810	60,482
National membership database	115,496	114,555
Penalties imposed under the RO Act or RO Regulations	-	-
QCPP assessment expenses	2,807,916	2,052,409
Rent paid (minimum lease payments - operating lease)	902,676	858,915
Special projects	357,755	352,334
Standards maintenance assessments	861,242	1,358,391
Standards materials expenses	24,594	84,332
Subsidies to branches	750,326	676,229
Travel expenses (local and overseas)	348,596	324,685
Other expenses	1,035,482	1,022,749
Total other expenses	<u>152,530,381</u>	<u>79,746,753</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	50,957	48,530
Council of Small Business of Australia	7,650	7,650
International Pharmaceutical Federation	29,475	31,150
Western Pacific Pharmaceutical Forum	2,812	-
	<u>90,894</u>	<u>87,330</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	8,348	5,816
Total paid that exceeded \$1,000	111,953	53,096
	<u>120,301</u>	<u>58,912</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$

NOTE 7 CASH AND SHORT-TERM DEPOSITS

Guild cash

Cash at bank and on hand	30,985,237	27,022,596
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Cash held in trust

Cash at bank held in trust (a)	28,160,732	10,657,438
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Total cash

	59,145,969	37,680,034
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Cash at bank earns interest at floating rates based on daily bank deposit rates.

(a) Cash at bank held in trust

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

(b) Reconciliation to statement of cash flows

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

Cash at bank and on hand	59,145,969	37,680,034
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Reconciliation of operating surplus to net cash flows from operations:

Operating surplus	2,515,302	8,447,611
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	278,783	523,630
Amortisation of intangible assets	1,489,718	760,047
Net loss on disposal of fixed assets	8,841	8,189
Reversal of impairment losses	-	(40,101)
Disposal of financial assets	1	2
<i>Changes in assets and liabilities</i>		
Decrease/(increase) in trade and other receivables	16,630,675	(20,400,505)
Decrease/(increase) in other current assets	62,870	(76,372)
(Decrease)/increase in trade and other payables	(8,755,281)	19,647,892
(Decrease)/increase in employee benefit liabilities	(159,642)	221,314
(Decrease) in deferred income	(4,933)	(78,818)
Increase in net GST payable	100,222	423,419
Increase in government grants and project funds	9,805,635	80,539
Net cash flows from operating activities	21,972,191	9,516,847

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
NOTE 7 CASH AND SHORT-TERM DEPOSITS (cont'd)		
(c) Related party operating cash flows		
Cash inflows		
Branches:		
New South Wales	1,939,183	1,977,128
Victoria	1,242,893	1,309,254
Queensland	1,224,660	1,241,410
South Australia	469,788	477,203
Western Australia	738,955	758,652
Tasmania	158,895	190,195
Australian Capital Territory	99,456	103,395
Northern Territory	37,576	38,495
Other related parties		
Gold Cross Products and Services Pty Ltd	1,414,723	950,659
GuildLink Pty Ltd	84,064	83,907
Guild Group Holdings Limited	4,750,469	6,033,712
Guild Insurance Limited	2,228,577	2,518,632
Guild Financial Services Ltd	-	3,500
Meridian Lawyers	3,500	-
Fred Health Pty Ltd	25,378	16,400
Total related party cash inflows from operating activities	<u>14,418,117</u>	<u>15,702,542</u>
Cash outflows		
Branches:		
New South Wales	(1,309,554)	(1,131,604)
Victoria	(844,554)	(757,853)
Queensland	(802,371)	(748,212)
South Australia	(291,542)	(287,756)
Western Australia	(387,384)	(342,288)
Tasmania	(387,169)	(445,687)
Australian Capital Territory	(378,500)	(325,881)
Northern Territory	(381,432)	(392,862)
Other related parties		
GuildLink Pty Ltd	(108,934)	(484,063)
Guild Group Holdings Limited	-	(493)
Meridian Lawyers	(280,833)	(198,824)
Fred Health Pty Ltd	-	(7,200)
Total related party cash outflows used in operating activities	<u>(5,172,273)</u>	<u>(5,122,723)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$

NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)

Trade and other receivables	5,310,376	21,976,761
Allowance for impairment loss	-	-
	5,310,376	21,976,761
Amounts receivable from related entities:		
Branch debtors	165,420	52,757
Gold Cross Products and Services Pty Limited	261,367	248,086
Guild Insurance Limited	980,551	949,438
Guild Group Holdings Limited	62,700	167,200
GuildLink Pty Ltd	9,116	20,463
Fred Health Pty Ltd	-	5,500
Carrying amount of trade and other receivables	6,789,530	23,420,205

Trade and other receivables includes the following amounts owing by a jointly controlled entity:

Australian Association of Consultant Pharmacy Pty Limited	-	-
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(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	6,522,239	22,402,337
31-60 days	230,175	76,258
61-90 days	30,076	28,952
> 90 days, past due not impaired	7,040	912,658
> 90 days, considered impaired	-	-
Total	6,789,530	23,420,205

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	12,885	4,703
Victoria	52,343	11,018
Queensland	25,030	3,218
South Australia	2,473	6,925
Western Australia	35,764	11,337
Tasmania	29,269	8,223
Australian Capital Territory	3,297	4,314
Northern Territory	4,359	3,019
	165,420	52,757

Allowance for impairment loss	-	-
	165,420	52,757

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 2015, the Guild has not made any allowance for impairment losses relating to amounts owed by related parties as the payment history has been sound (2014: \$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 2015**

	2015	2014
	\$	\$
NOTE 9 OTHER CURRENT ASSETS (CURRENT)		
Prepayments	588,126	650,996
	<u>588,126</u>	<u>650,996</u>
NOTE 10 OTHER FINANCIAL ASSETS AND RECEIVABLES (NON-CURRENT)		
Other Financial Assets		
At Cost		
Investments in controlled entities:		
Shares in controlled entities - unlisted		
GuildNET Pty Limited		
18 ordinary shares (2015: 100%, 2014: 100%)	18	18
Guild Group Holdings Limited		
3,585,434 ordinary shares at \$1 per share (2015: 100%, 2014: 100%)	3,585,434	3,585,434
20,000 ordinary shares at \$100 per share (2015: 100%, 2014: 100%)	2,000,000	2,000,000
Gold Cross Products and Services Pty Ltd		
402 ordinary shares (2015: 100%, 2014: 100%)	804	804
National Pharmacy Television Pty Limited		
1 ordinary share (2015: 100%, 2014: 100%)	1	1
Pharmacy Electronic Network Telecommunications And Logistics Pty Ltd		
1 ordinary share (2015: 0%, 2014: 100%)	-	1
GuildLink Pty Ltd		
1 ordinary share (2015: 100%, 2014: 100%)	1	1
	<u>5,586,258</u>	<u>5,586,259</u>
Investment in jointly controlled entity:		
Shares in jointly controlled entity - unlisted		
Australian Association of Consultant Pharmacy Pty Limited		
2 ordinary shares at cost (2015: 50%, 2014: 50%)	2	2
Total other financial assets	<u>5,586,260</u>	<u>5,586,261</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		
	950,000	1,450,000
	<u>1,361,580</u>	<u>1,861,580</u>
Unsecured promissory notes (controlled entities):		
Guild Group Holdings Limited		
	16,840,000	16,840,000
Total loans and receivables	<u>18,281,580</u>	<u>18,781,580</u>
Total Other Financial Assets, Loans and Receivables	<u>23,867,840</u>	<u>24,367,841</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
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	2015	2014
	\$	\$

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 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 5.0% as at reporting date (2014: 5.5%)

(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
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
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	639,927	1,028,806
Additions	228,057	123,297
Disposals	(2,459)	(4,829)
Depreciation	(267,720)	(507,347)
As at 30 June, net of accumulated depreciation and impairment	<u>597,805</u>	<u>639,927</u>
Cost	3,613,160	3,858,477
Accumulated depreciation and impairment	(3,015,355)	(3,218,550)
Net carrying amount	<u>597,805</u>	<u>639,927</u>
Motor vehicles - at cost		
As at 1 July, net of accumulated depreciation and impairment	55,940	72,223
Additions	25,760	-
Disposals	(47,882)	-
Depreciation	(11,063)	(16,283)
As at 30 June, net of accumulated depreciation and impairment	<u>22,755</u>	<u>55,940</u>
Cost	25,760	113,261
Accumulated depreciation and impairment	(3,005)	(57,321)
Net carrying amount	<u>22,755</u>	<u>55,940</u>
Artwork - at cost		
As at 1 July, net of accumulated depreciation and impairment	96,200	99,559
Disposals	-	(3,359)
As at 30 June, net of accumulated depreciation and impairment	<u>96,200</u>	<u>96,200</u>
Net carrying amount at beginning and end	<u>96,200</u>	<u>96,200</u>
Antiques - at cost		
As at 1 July, net of accumulated depreciation and impairment	16,626	17,626
Disposals	-	(1,000)
As at 30 June, net of accumulated depreciation and impairment	<u>16,626</u>	<u>16,626</u>
Net carrying amount at beginning and end	<u>16,626</u>	<u>16,626</u>
Total Property, Plant and Equipment - at cost		
As at 1 July, net of accumulated depreciation and impairment	808,693	1,218,214
Additions	253,817	123,297
Disposals	(50,341)	(9,188)
Depreciation	(278,783)	(523,630)
As at 30 June, net of accumulated depreciation and impairment	<u>733,386</u>	<u>808,693</u>
Cost	3,751,746	4,084,564
Accumulated depreciation and impairment	(3,018,360)	(3,275,871)
Net carrying amount	<u>733,386</u>	<u>808,693</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$

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	1,702,682	1,597,238
Additions	780,864	784,523
Transfers	902,727	80,968
Amortisation	<u>(1,489,718)</u>	<u>(760,047)</u>
As at 30 June, net of accumulated amortisation and impairment	<u>1,896,555</u>	<u>1,702,682</u>

Cost	4,381,700	2,698,109
Accumulated amortisation and impairment	<u>(2,485,145)</u>	<u>(995,427)</u>
Net carrying amount	<u>1,896,555</u>	<u>1,702,682</u>

Software in progress - at cost

As at 1 July	902,727	169,786
Additions	13,075	813,909
Transfers	<u>(902,727)</u>	<u>(80,968)</u>
As at 30 June	<u>13,075</u>	<u>902,727</u>

Cost	13,075	902,727
Accumulated amortisation and impairment	<u>-</u>	<u>-</u>
Net carrying amount	<u>13,075</u>	<u>902,727</u>

Total intangible assets - at cost

As at 1 July, net of accumulated amortisation and impairment	2,605,409	1,767,024
Additions	793,939	1,598,432
Amortisation	<u>(1,489,718)</u>	<u>(760,047)</u>
As at 30 June, net of accumulated amortisation and impairment	<u>1,909,630</u>	<u>2,605,409</u>

Cost	4,394,775	3,600,836
Accumulated amortisation and impairment	<u>(2,485,145)</u>	<u>(995,427)</u>
Net carrying amount	<u>1,909,630</u>	<u>2,605,409</u>

NOTE 13 TRADE AND OTHER PAYABLES (CURRENT)

Trade and other payables	3,103,692	3,305,639
Accrued expenses	13,604,222	22,399,809
Amounts payable to related entities:		
Branch creditors	493,036	332,359
Gold Cross Products and Services Pty Limited	90	51
GuildLink Pty Ltd	23,364	21,175
Meridian Lawyers Limited	86,168	6,820
Consideration for employers making payroll deductions of membership subscriptions	-	-
Net GST payable	204,286	104,064
Amounts held on trust:		
Medicines Partnership of Australia (MPA)	4,404	4,404
	<u>17,519,262</u>	<u>26,174,321</u>

Payables include the following:

Legal fees payable		
- In respect of litigation	-	-
- In respect of other legal matters	86,168	43,118
	<u>86,168</u>	<u>43,118</u>

(a) Fair value

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
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	2015	2014
	\$	\$

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

(b) Related party payables

Branch creditors as at 30 June comprised:

New South Wales	63,910	35,320
Victoria	20,693	27,892
Queensland	2,466	1,304
South Australia	31,462	154
Western Australia	2,646	5,399
Tasmania	186,191	81,594
Australian Capital Territory	35,750	61,160
Northern Territory	149,918	119,536
	493,036	332,359

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	962,688	884,607
Separation and redundancies	-	165,420
Long service leave	1,118,089	1,136,906
	2,080,777	2,186,933

Non-Current

Long service leave	135,424	188,910
	135,424	188,910

Employee entitlements (annual leave) in respect of :

- officers	93,064	62,644
- other employees	869,624	821,963
	962,688	884,607

Employee entitlements (separation and redundancies) in respect of:

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

Employee entitlements (long service leave) in respect of:

- officers	3,845	1,112
- other employees	1,249,668	1,324,704
	1,253,513	1,325,816

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	6,171,570	5,024,881
Transfer (to)/from accumulated funds	(1,884,512)	1,146,689
Balance at the end of year	4,287,058	6,171,570
Total Reserves	4,287,058	6,171,570

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$

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 2015 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	47,979,899	40,678,977
Net surplus attributable to the Guild	2,515,302	8,447,611
Transfer from/(to) the Fighting Fund reserve	1,884,512	(1,146,689)
Balance at the end of the year	52,379,713	47,979,899

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	875,718	819,959
After one year but not more than five years	3,065,011	3,279,834
After more than five years	-	409,979
	3,940,729	4,509,772

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	1,943,127	1,891,896
	Victoria	1,279,912	1,261,022
	Queensland	1,235,542	1,178,159
	South Australia	460,741	456,153
	Western Australia	759,612	718,742
	Tasmania	177,615	172,202
	Australian Capital Territory	98,531	95,918
	Northern Territory	38,794	35,394
		5,993,874	5,809,486
	Amounts allocated to the Fighting Fund from capitation fees received:		
	New South Wales	560,441	561,744
	Victoria	362,366	363,357
	Queensland	376,091	368,433
	South Australia	134,603	135,324
	Western Australia	214,483	206,424
	Tasmania	49,672	48,222
	Australian Capital Territory	27,619	27,072
	Northern Territory	13,080	11,844
		1,738,355	1,722,420

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NOTES TO THE FINANCIAL STATEMENTS
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	2015	2014
	\$	\$
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
Victoria	-	28,750
Queensland	-	30,130
South Australia	-	8,867
Western Australia	-	16,468
Tasmania	-	3,828
Australian Capital Territory	-	1,886
Northern Territory	-	1,012
	<u>-</u>	<u>131,064</u>
c) Continuing professional development accreditation income was received from the following Branches and controlled entities:		
New South Wales	1,900	3,300
Victoria	550	-
Queensland	1,625	1,500
Western Australia	450	300
Australian Capital Territory	-	300
Gold Cross Products and Services Pty Ltd	600	500
	<u>5,125</u>	<u>5,900</u>
d) Consulting income was received from the following Branches:		
New South Wales	1,595	44,669
Victoria	-	24,200
Queensland	4,015	32,112
South Australia	-	8,462
Western Australia	1,100	15,547
Tasmania	413	5,268
Northern Territory	-	613
	<u>7,123</u>	<u>130,871</u>
e) Interest income was received from the following controlled entities:		
Guild Group Holdings Limited	1,079,378	1,072,621
GuildLink Pty Ltd	61,703	89,511
Gold Cross Products and Services Pty Ltd	25,944	25,944
	<u>1,167,025</u>	<u>1,188,076</u>
f) National Secretariat received referral fee income from Guild Insurance Limited, a subsidiary of Guild Group Holdings Limited.	<u>2,249,362</u>	<u>2,397,823</u>
g) During the year the National Secretariat received commission income from:		
Gold Cross Products and Services Pty Limited	872,207	885,090
Queensland Branch	3,308	3,308
	<u>875,515</u>	<u>888,398</u>
h) Licence fee income received from Guild Group Holdings Limited.	<u>57,000</u>	<u>152,000</u>
i) Dividend income received from Guild Group Holdings Limited.	<u>3,500,000</u>	<u>4,800,000</u>
j) During the year the National Secretariat received advertising income from:		
Gold Cross Products and Services Pty Ltd	6,000	10,360
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	7,500	7,500
	<u>13,500</u>	<u>17,860</u>
k) During the year the National Secretariat received sponsorship income from:		
South Australia Branch	5,000	3,500
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	-	15,000
Guild Group Holdings Ltd	19,091	9,091
Guild Financial Services Ltd, a subsidiary of Guild Group Holdings Ltd	-	3,500
Gold Cross Products and Services Pty Ltd	22,045	24,545
GuildLink Pty Ltd	12,045	-
Meridian Lawyers, a subsidiary of Guild Group Holdings Ltd	3,500	-
Fred Health Pty Ltd, an associate of the Victorian Branch	20,378	17,500
	<u>82,059</u>	<u>73,136</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
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	2015	2014
	\$	\$
NOTE 17 RELATED PARTY DISCLOSURES (Cont'd)		
l) E-learning platform module hosting income received from Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	-	11,250
m) During the year, Fighting Fund contributions were received from Gold Cross Products and Services Pty Ltd	500,000	-
n) Government grant & program payments made to Branches:		
Queensland	(3,636)	-
Western Australia	(4,500)	-
Northern Territory	(19,999)	(16,667)
	<u>(28,135)</u>	<u>(16,667)</u>
o) The National Secretariat has given subsidies to the following Branches to part fund their operations:		
Tasmania	(294,037)	(247,560)
Australian Capital Territory	(220,000)	(220,000)
Northern Territory	(236,289)	(208,669)
	<u>(750,326)</u>	<u>(676,229)</u>
No terms or conditions are attached to the financial support provided to these Branches.		
p) During the year the National Secretariat made payments to the following branches for QCPP Management and Standards Maintenance Assessment:		
New South Wales	(947,951)	(876,409)
Victoria	(630,326)	(604,781)
Queensland	(749,974)	(706,092)
South Australia	(277,004)	(263,602)
Western Australia	(335,381)	(314,827)
Tasmania	(163,494)	(160,893)
Australian Capital Territory	(126,900)	(116,720)
Northern Territory	(82,317)	(79,426)
	<u>(3,313,347)</u>	<u>(3,122,750)</u>
q) During the year the National Secretariat paid the NSW Branch for Cold Chain expenses	(320,100)	(222,700)
r) During the year the National Secretariat provided sponsorship to the following branches:		
Queensland	(1,818)	(1,818)
Australian Capital Territory	-	(500)
	<u>(1,818)</u>	<u>(2,318)</u>
s) Funds were provided to the following Branches to undertake projects during the year:		
New South Wales	(67,494)	(21,000)
Victoria	(48,000)	(21,000)
Queensland	(48,000)	(13,625)
South Australia	(43,000)	(6,000)
Western Australia	(45,000)	(10,000)
Tasmania	(12,000)	-
Australian Capital Territory	(8,500)	-
Northern Territory	(70,447)	(50,000)
	<u>(342,441)</u>	<u>(121,625)</u>
t) During the year rent was paid to the following Branches:		
Victoria	(98,484)	(83,664)
u) Government grant & program payments made to GuildLink Pty Ltd	-	(231,174)
v) During the year the National Secretariat paid DUSC expenses to Fred Health Pty Ltd, an associate of the Victorian Branch	-	(5,000)
w) Rent paid to Guild Group Holdings Limited	-	(493)
x) During the year the National Secretariat paid legal fees to Meridian Lawyers Limited, a subsidiary of Guild Group Holdings Limited	(352,968)	(153,155)

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	2015	2014
	\$	\$

NOTE 17 RELATED PARTY DISCLOSURES (Cont'd)

y)	During the year the National Secretariat paid National Database licence fees to: GuildLink Pty Ltd	-	(114,555)
z)	Fees paid to GuildLink Pty Ltd for projects conducted during the year	(45,420)	(80,350)
aa)	During the year Intern Training Program licence fees were paid to the following Branches: Tasmania	(12,727)	-
ab)	During the year the National Secretariat paid amounts to GuildLink Pty Ltd for capital works	(65,504)	-
ac)	During the year the National Secretariat paid amounts to the Victorian Branch for secretarial support	(61,200)	(42,330)

NOTE 18 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) National Council

T. Battalis
H.W.G. Cuthill (resigned 24 November 2014)
M. Douglass
J.C. Dowling
A. Galbraith
D. Leahy (appointed 24 November 2014)
T.J. Logan
P.S. McBeath (resigned 24 November 2014)
Z.L. Mullen
N. Panayiaris
A. Pricolo (appointed 24 November 2014)
D.R. Sanghvi (resigned 24 November 2014)
P.G. Sinclair
G. Tambassis
A. Tassone
T. Twomey
T. Riley (resigned 24 November 2014)
I.P. Todd
G. Ward (appointed 24 November 2014)
S. Wragg

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

Short-term employee benefits	2,203,902	2,258,665
Post employment benefits	256,022	272,066
Other long-term benefits	8,312	52,707
Termination benefits	-	143,761
Total compensation	2,468,236	2,727,199

NOTE 19 CONTINGENT LIABILITIES

There are no contingent liabilities.

NOTE 20 COMMITMENTS

The National Secretariat has committed to financially support the Tasmanian, Australian Capital Territory and Northern Territory Branches in the year ending 30 June 2016 by funding deficits of the relevant branches up to maximum of \$760,000 in total.

NOTE 21 EVENTS AFTER THE BALANCE SHEET DATE

On 8 September 2015, the directors of Guild Group Holdings Limited declared a dividend on ordinary shares in respect of the 2015 financial year. The total amount of the dividend payable to the Guild is \$3,500,000.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
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NOTE 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Guild's principal financial instruments comprise cash, 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 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:

	2015	2014
	\$	\$
Financial Assets		
Cash	59,145,969	37,680,034
Amounts receivable from controlled entities:		
GuildLink Pty Ltd	950,000	1,450,000
Guild Group Holdings Limited	16,840,000	16,840,000
	<u>76,935,969</u>	<u>55,970,034</u>

At 30 June 2015, 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)	
	2015	2014
	\$	\$
+ 1% (100 basis points)	470,439	425,809
- 1% (100 basis points)	(470,439)	(425,809)

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

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

(ii) Foreign Currency Risk

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

NOTE 22 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 (2014: \$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	2015 \$	2014 \$
Cash	7	59,145,969	37,680,034
Trade and other receivables (current)	8	6,789,530	23,420,205
Other financial assets	10	5,586,260	5,586,261
Receivables (non-current)	10	18,281,580	18,781,580
		89,803,339	85,468,080

(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 2015	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
Financial Assets					
Cash	59,145,969	-	-	-	59,145,969
Trade & other receivables	6,789,530	-	-	18,281,580	25,071,110
	65,935,499	-	-	18,281,580	84,217,079
Financial Liabilities					
Trade & other payables	17,519,262	-	-	-	17,519,262
Government grants and project funds held	16,295,400	-	-	-	16,295,400
	33,814,662	-	-	-	33,814,662
Net	32,120,837	-	-	18,281,580	50,402,417
Year ended 30 June 2014					
Financial Assets					
Cash	37,680,034	-	-	-	37,680,034
Trade & other receivables	23,420,205	-	-	18,781,580	42,201,785
	61,100,239	-	-	18,781,580	79,881,819
Financial Liabilities					
Trade & other payables	26,174,321	-	-	-	26,174,321
Government grants and project funds held	6,489,765	-	-	-	6,489,765
	32,664,086	-	-	-	32,664,086
Net	28,436,153	-	-	18,781,580	47,217,733

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

NOTE 23 AUDITOR REMUNERATION

Remuneration to auditors		
Audit fees	56,753	55,105
Other assurance services	74,469	55,356
Taxation services	9,000	-
Other non-assurance services	62,984	-
	<u>203,206</u>	<u>110,461</u>

NOTE 24 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.

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 2015, 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.

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 directors 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 of 30 June 2015 and of its financial performance and cash flows for the year then ended in accordance with the Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*;
- b) the financial report also complies with the requirements imposed by the Fair Work Reporting Guidelines; and
- c) 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 2015

Registered Auditor with ASIC No. 342244
Chartered Accountants Australia and New Zealand
Membership number: 48000