



28 November 2016

Mr David Quilty
Executive Director
Pharmacy Guild of Australia
Level 2, 15 National Circuit
BARTON ACT 2600

via email: david.quilty@guild.org.au

Dear Mr Quilty

Pharmacy Guild of Australia Financial Report for the year ended 30 June 2016 - [FR2016/276]

I acknowledge receipt of the financial report of the Pharmacy Guild of Australia (the **reporting unit**). The documents were lodged with the Fair Work Commission (**FWC**) on 23 November 2016.

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

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

Please note that the financial report for the year ending 30 June 2017 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 RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Should you wish to discuss this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on 03) 8656 4681 or by email at joanne.fenwick@fwc.gov.au.

Yours sincerely

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch



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 2016, 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 27 October 2016 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 22 November 2016, in accordance with s266(3) of the *Fair Work (Registered Organisations) Act 2009*.

DATED THIS TWENTY-THIRD DAY OF NOVEMBER 2016

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

The Pharmacy Guild of Australia National Secretariat

**Financial Report
For the Year Ended 30 June 2016**

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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 2016 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 2016 to which this report relates the number of members of the organisation was 3,705.
- (ii) As at 30 June 2016 the total number of employees employed by the reporting entity was 88.
- (iii) During the financial year ended 30 June 2016 the following persons were members of National Council for the whole period, unless otherwise stated:

T. Battalis	A. Pricolo
M. Douglass	P.G. Sinclair
J.C. Dowling	G. Tambassis
A. Galbraith	A. Tassone
D. Leahy	T. Twomey
T.J. Logan	I.P. Todd
Z.L. Mullen	G. Ward
N. Panayiaris	S. Wragg

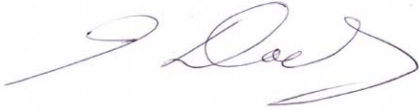
Officers and members who are superannuation fund trustees or director of a company that is a superannuation fund trustee, because they are an officer or member of the Guild:

- (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

I.P. Todd

T.J. Logan



JOHN CHRISTOPHER DOWLING

14 October 2016

**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 14 October 2016 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 2016 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2016;
- (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
14 October 2016



JOHN CHRISTOPHER DOWLING
14 October 2016

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 \$	2015 \$
Income			
Revenue from rendering of services	5	21,572,133	25,481,713
Other revenue	5	8,362,320	8,667,374
Other income	5	<u>152,294,290</u>	<u>135,309,371</u>
		182,228,743	169,458,458
Expenses			
Remuneration and employee benefits expense	6	(12,179,696)	(12,644,274)
Depreciation and amortisation	6	(1,324,399)	(1,768,501)
Other expenses	6	<u>(167,189,612)</u>	<u>(152,530,381)</u>
		(180,693,707)	(166,943,156)
Net surplus		<u><u>1,535,036</u></u>	<u><u>2,515,302</u></u>
Other comprehensive income		-	-
Total comprehensive income		<u><u>1,535,036</u></u>	<u><u>2,515,302</u></u>
Total comprehensive income attributable to the members of the Pharmacy Guild of Australia:		<u><u>1,535,036</u></u>	<u><u>2,515,302</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 2016

	NOTE	2016 \$	2015 \$
ASSETS			
Current assets			
Cash and short-term deposits	7	41,999,085	59,145,969
Trade and other receivables	8	15,987,962	6,789,530
Other financial assets	9	12,000,000	-
Other current assets	10	518,238	588,126
Total current assets		<u>70,505,285</u>	<u>66,523,625</u>
Non-current assets			
Other financial assets	11	5,586,260	5,586,260
Loans and receivables	11	18,281,580	18,281,580
Property, plant and equipment	12	621,889	733,386
Intangible assets	13	1,262,463	1,909,630
Total non-current assets		<u>25,752,192</u>	<u>26,510,856</u>
TOTAL ASSETS		<u>96,257,477</u>	<u>93,034,481</u>
LIABILITIES			
Current liabilities			
Trade and other payables	14	19,051,987	17,519,262
Government grants and project funds held		15,460,151	16,295,400
Deferred income		1,450,692	336,847
Employee benefit liabilities	15	1,915,306	2,080,777
Total current liabilities		<u>37,878,136</u>	<u>36,232,286</u>
Non-current liabilities			
Employee benefit liabilities	15	177,534	135,424
Total non-current liabilities		<u>177,534</u>	<u>135,424</u>
TOTAL LIABILITIES		<u>38,055,670</u>	<u>36,367,710</u>
NET ASSETS		<u>58,201,807</u>	<u>56,666,771</u>
MEMBERS FUNDS			
Reserves	16(a)	4,278,745	4,287,058
Accumulated funds	16(b)	53,923,062	52,379,713
		<u>58,201,807</u>	<u>56,666,771</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 2016**

	NOTE	Accumulated Funds \$	National Fighting Fund Reserve \$	Total Equity \$
Balance as at 30 June 2014		47,979,899	6,171,570	54,151,469
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>	-
Balance as at 30 June 2015	16	<u>52,379,713</u>	<u>4,287,058</u>	<u>56,666,771</u>
Net surplus for the period		1,535,036	-	1,535,036
Other comprehensive income		-	-	-
Total comprehensive income		<u>1,535,036</u>	<u>-</u>	<u>1,535,036</u>
Transfers from National Fighting Fund reserve to accumulated funds		<u>8,313</u>	<u>(8,313)</u>	-
Balance as at 30 June 2016	16	<u>53,923,062</u>	<u>4,278,745</u>	<u>58,201,807</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 2016

	NOTE	2016	2015
		\$	\$
Operating activities			
Receipts from operations		29,665,160	32,590,709
Interest received		1,857,522	1,992,043
Dividends received		3,500,000	3,500,000
Government grants and project funds received		141,566,375	161,923,453
Payments to suppliers and employees		<u>(181,167,563)</u>	<u>(178,034,014)</u>
Net cash flows (used in)/ from operating activities	7(b)	<u>(4,578,506)</u>	<u>21,972,191</u>
Investing activities			
Purchase of property, plant and equipment		(123,697)	(253,817)
Purchase of intangible assets		(444,681)	(793,939)
Proceeds from sale of property, plant and equipment		-	41,500
Purchase of financial instruments		(12,000,000)	-
Loan to GuildLink Pty Ltd		-	500,000
Net cash flows used in investing activities		<u>(12,568,378)</u>	<u>(506,256)</u>
Net (decrease)/ increase in cash and cash equivalents		(17,146,884)	21,465,935
Cash and cash equivalents at beginning of period		59,145,969	37,680,034
Cash and cash equivalents at end of period	7	<u><u>41,999,085</u></u>	<u><u>59,145,969</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 2016**

NOTE 1 ORGANISATIONAL INFORMATION

The financial statements of The Pharmacy Guild of Australia - National Secretariat (the Guild) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution passed by the National Council on 14 October 2016.

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.

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

To meet the reporting requirements of section 255 of the *Fair Work (Registered Organisations) Act 2009* the Guild has determined that it meets the requirements of paragraph 4 of AASB 10 Consolidated Financial Statements that permit an exemption from preparing consolidated financial statements. Instead these financial statements are separate financial statements and the accounting policies applied to investment in subsidiaries, jointly controlled entities and associates are listed in note 11 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 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. 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 2015	1 July 2015
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 <i>Materiality</i>	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016**

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 2016. These are outlined below.

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 9	<i>Financial Instruments</i>	<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 own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</p> <p>Classification and measurement</p> <p>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.</p> <p>The main changes are described below.</p> <p>Financial assets</p> <p>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>Financial liabilities</p> <p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</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 2016**

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

b) Statement of compliance (cont'd)

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 9 (cont'd)		<p>Impairment</p> <p>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>			
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 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	<p>AASB 2014-9 amends AASB 127 <i>Separate Financial Statements</i>, and consequentially amends AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>, 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
AASB 15	Revenue from Contracts with Customers	<p>AASB 15 <i>Revenue from Contracts with Customers</i> replaces the existing revenue recognition standards AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i> and related Interpretations (Interpretation 13 <i>Customer Loyalty Programmes</i>, Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, Interpretation 18 <i>Transfers of Assets from Customers</i>, Interpretation 131 <i>Revenue—Barter Transactions Involving Advertising Services</i> and Interpretation 1042 <i>Subscriber Acquisition Costs in the Telecommunications Industry</i>). AASB 15 incorporates the requirements of IFRS 15 <i>Revenue from Contracts with Customers</i> issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).</p> <p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 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>	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 2016**

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 15 (cont'd)		<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 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number of Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p> <p>AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.</p>			
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> 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.	1 January 2016	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2016
AASB 16	Leases	<p>The key features of AASB 16 are as follows:</p> <p>Lessee accounting</p> <ul style="list-style-type: none"> • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. 	1 January 2019	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2019

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016**

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 16 (cont'd)		<p>Lessor accounting</p> <ul style="list-style-type: none"> ● AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. ● AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. <p>AASB 16 supersedes:</p> <p>(a) AASB 117 Leases (b) Interpretation 4 Determining whether an Arrangement contains a Lease (c) SIC-15 Operating Leases—Incentives (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</p> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p>			
2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This Standard amends AASB 107 <i>Statement of Cash Flows</i> (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2017
2016-4	Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities [AASB 136]	This Standard amends AASB 136 to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and clarify that not-for-profit entities holding non-cash-generating specialised assets at fair value in accordance with AASB 13 [under the revaluation model in AASB 116 and AASB 138] no longer need to consider AASB 136. Not-for-profit entities holding such assets at cost will determine recoverable amounts using current replacement cost in AASB 13.	1 January 2017	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2017

* Designates the beginning of the applicable annual reporting period.

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NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

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

c) Revenue Recognition

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

Rendering of services

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

Subscriptions

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.

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 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.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

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

e) Leases (cont'd)

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

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

h) Taxes (cont'd)

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

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

i) Property, Plant and Equipment

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

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

Plant and equipment - 3 to 10 years

Motor vehicles - 5 years

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

Derecognition and disposal

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

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

j) Intangible assets

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

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

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

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

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016**

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

j) Intangible assets (cont'd)

Research and development costs

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

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

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

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

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

k) Financial assets - initial recognition and subsequent measurement

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

Initial recognition and measurement

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

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

The Guild's financial assets include cash and 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:

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

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

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

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

Impairment of financial assets

The Guild 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.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

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

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

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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n) Provisions and employee benefits (cont'd)

Employee leave benefits

- i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.
- ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016**

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

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 2016

	2016	2015
	\$	\$
NOTE 5 INCOME		
Revenue from rendering of services		
Membership subscriptions ex branches (capitation fee)	3,449,101	5,993,874
Fighting fund income from other corporations	206,859	952,746
Levies (compulsory or voluntary)	-	-
Quality Care Pharmacy Program (QCPP) income:		
Accreditation fees	9,815,401	10,268,423
Assessment fees	1,776,723	2,431,291
Data reporting services	-	491,292
Sale of QCPP related items	32,024	40,933
Administration of government programs	6,061,224	5,160,431
Training module development and hosting	111,128	73,255
Conference income	89,204	67,580
Health Advice Plus	28,286	-
Guild Digest	2,183	1,888
	<u>21,572,133</u>	<u>25,481,713</u>
Component of capitation fee allocated to Fighting Fund	<u>1,315,015</u>	<u>1,738,355</u>
Other Revenue		
Interest received:		
Controlled entities	1,085,064	1,167,025
Other corporations	858,148	821,780
Commissions from controlled entity	891,616	872,207
Dividend income from controlled entity	3,500,000	3,500,000
Licence fees received from controlled entity	57,000	57,000
Referral fees from controlled entity	1,970,492	2,249,362
	<u>8,362,320</u>	<u>8,667,374</u>
Other income		
Donations received	-	-
Government grants and project funds	151,584,037	134,538,424
Litigation settlements	-	90,000
Sponsorship income	464,698	520,154
Other income	245,555	160,793
	<u>152,294,290</u>	<u>135,309,371</u>
	<u><u>182,228,743</u></u>	<u><u>169,458,458</u></u>
NOTE 6 EXPENSES		
Remuneration and employee benefits expense		
Wages and salaries - officers	575,101	509,120
Wages and salaries - employees (other than officers)	9,251,226	9,696,017
Superannuation - officers	43,047	36,643
Superannuation - employees (other than officers)	1,077,103	1,108,252
Provision for annual leave - officers	15,026	7,546
Provision for annual leave - employees (other than officers)	160,483	196,813
Provision for long service leave - officers	1,673	632
Provision for long service leave - employees (other than officers)	164,403	144,733
Separation and redundancies - officers	-	-
Separation and redundancies - employees (other than officers)	58,137	92,353
Other on-costs (payroll tax and workers compensation expenses)	833,497	852,165
Total remuneration and employee benefits expense	<u><u>12,179,696</u></u>	<u><u>12,644,274</u></u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 6 EXPENSES (cont'd)		
Depreciation and amortisation		
Depreciation	232,551	278,783
Amortisation of intangible assets	1,091,848	1,489,718
	<u>1,324,399</u>	<u>1,768,501</u>
Other expenses		
Administrative expenses	792,592	695,486
Affiliation fees (a)	91,202	90,894
Audit fees	112,888	131,222
Bank fees	81,012	122,437
Branch QCPP Management	3,006,028	2,698,931
Campaign expenses	328,447	3,539,272
Capitation fee	-	-
Cold chain expenses	211,500	320,100
Communication and marketing	46,448	82,370
Compulsory levies	-	-
Conference management	187,517	256,341
Consideration for employers making payroll deductions of membership subscriptions	-	-
Consultants expenses	2,242,415	1,108,236
Donations and grants (b)	156,283	120,301
E-learning expenses	133,703	127,232
Government grant expenses and program payments	151,584,037	134,740,617
Government program external administration costs	277,222	-
Legal expenses - litigation	-	24,021
Legal expenses - other legal matters	833,776	370,100
Loss on disposal of fixed assets	2,643	8,841
Meeting & conference - fees/allowances	-	-
Meeting expenses:		
National Council	291,272	355,470
Committee expenses	132,185	276,931
Other meeting expenses	44,452	295,810
National membership database	157,969	115,496
Penalties imposed under the RO Act or RO Regulations	-	-
QCPP assessment expenses	2,119,632	2,807,916
Rent paid (minimum lease payments - operating lease)	928,819	902,676
Special projects	212,951	357,755
Standards maintenance assessments	823,285	861,242
Standards materials expenses	263	24,594
Subsidies to branches	727,003	750,326
Travel expenses (local and overseas)	453,213	348,596
Other expenses	1,210,855	997,168
Total other expenses	<u>167,189,612</u>	<u>152,530,381</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	52,231	50,957
Council of Small Business of Australia	8,000	7,650
International Pharmaceutical Federation	30,971	29,475
Western Pacific Pharmaceutical Forum	-	2,812
	<u>91,202</u>	<u>90,894</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	11,317	8,348
Total paid that exceeded \$1,000	144,966	111,953
	<u>156,283</u>	<u>120,301</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 7 CASH AND SHORT-TERM DEPOSITS		
Guild cash		
Cash at bank and on hand	14,227,766	30,985,237
Short-term deposits	8,500,000	-
Guild cash at bank, on hand and short-term deposits	<u>22,727,766</u>	<u>30,985,237</u>
Cash held in trust		
Cash at bank held in trust (a)	<u>19,271,319</u>	<u>28,160,732</u>
Total cash and short-term deposits	<u>41,999,085</u>	<u>59,145,969</u>
Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, and earn interest at the respective short-term deposit rates.		
(a) Cash at bank held in trust		
The Pharmacy Guild of Australia holds cash at bank on trust that represent government grant and project funds provided by the Commonwealth of Australia.		
(b) Reconciliation to statement of cash flows		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and on hand	33,499,085	31,286,456
Short-term deposits	8,500,000	27,859,513
Cash at bank and on hand	<u>41,999,085</u>	<u>59,145,969</u>
Reconciliation of operating surplus to net cash flows from operations:		
Operating surplus	1,535,036	2,515,302
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	232,551	278,783
Amortisation of intangible assets	1,091,848	1,489,718
Net loss on disposal of fixed assets	2,643	8,841
Disposal of financial assets	-	1
<i>Changes in assets and liabilities</i>		
(Increase)/ decrease in trade and other receivables	(9,198,432)	16,630,675
Decrease in other current assets	69,889	62,870
Increase/(decrease) in trade and other payables	1,591,743	(8,755,281)
(Decrease) in employee benefit liabilities	(123,361)	(159,642)
Increase/(decrease) in deferred income	1,113,845	(4,933)
(Decrease)/increase in net GST payable	(59,019)	100,222
(Decrease)/increase in government grants and project funds	(835,249)	9,805,635
Net cash flows from operating activities	<u>(4,578,506)</u>	<u>21,972,191</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 7 CASH AND SHORT-TERM DEPOSITS (cont'd)		
(c) Related party operating cash flows		
Cash inflows		
Branches:		
New South Wales	1,135,691	1,939,183
Victoria	772,712	1,242,893
Queensland	703,434	1,224,660
South Australia	255,561	469,788
Western Australia	470,109	738,955
Tasmania	119,265	158,895
Australian Capital Territory	55,084	99,456
Northern Territory	25,457	37,576
Other related parties		
Gold Cross Products and Services Pty Ltd	767,864	1,414,723
GuildLink Pty Ltd	47,018	84,064
Guild Group Holdings Limited	4,577,952	4,750,469
Guild Insurance Limited	2,027,510	2,228,577
Guild Financial Services Ltd	7,500	-
Meridian Lawyers	3,500	3,500
Fred Health Pty Ltd	21,212	25,378
Total related party cash inflows from operating activities	<u>10,989,869</u>	<u>14,418,117</u>
Cash outflows		
Branches:		
New South Wales	(1,376,139)	(1,309,554)
Victoria	(925,821)	(844,554)
Queensland	(887,398)	(802,371)
South Australia	(346,810)	(291,542)
Western Australia	(387,263)	(387,384)
Tasmania	(421,561)	(387,169)
Australian Capital Territory	(356,674)	(378,500)
Northern Territory	(401,916)	(381,432)
Other related parties		
Gold Cross Products and Services Pty Ltd	(4,582)	-
GuildLink Pty Ltd	(347,706)	(108,934)
Guild Insurance Limited	(115,003)	-
Meridian Lawyers	(785,119)	(280,833)
Fred Health Pty Ltd	-	-
Total related party cash outflows used in operating activities	<u>(6,355,992)</u>	<u>(5,172,273)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade and other receivables	14,420,718	5,310,376
Allowance for impairment loss	-	-
	<u>14,420,718</u>	<u>5,310,376</u>
Amounts receivable from related entities:		
Branch debtors	81,901	165,420
Gold Cross Products and Services Pty Limited	460,732	261,367
Guild Insurance Limited	928,281	980,551
Guild Group Holdings Limited	73,700	62,700
GuildLink Pty Ltd	19,880	9,116
Fred Health Pty Ltd	2,750	-
Carrying amount of trade and other receivables	<u>15,987,962</u>	<u>6,789,530</u>
Trade and other receivables includes the following amounts owing by a jointly controlled entity:		
Australian Association of Consultant Pharmacy Pty Limited	<u>-</u>	<u>-</u>

(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 other receivables is as follows:

0-30 days	15,658,955	6,522,239
31-60 days	61,264	230,175
61-90 days	264,223	30,076
> 90 days, past due not impaired	3,520	7,040
> 90 days, considered impaired	-	-
Total	<u>15,987,962</u>	<u>6,789,530</u>

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	13,416	12,885
Victoria	20,348	52,343
Queensland	24,983	25,030
South Australia	6,198	2,473
Western Australia	2,836	35,764
Tasmania	7,385	29,269
Australian Capital Territory	4,496	3,297
Northern Territory	2,239	4,359
	<u>81,901</u>	<u>165,420</u>
Allowance for impairment loss	-	-
	<u>81,901</u>	<u>165,420</u>

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

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

Allowance for impairment loss on trade receivables

For the year ended 30 June 2016, the Guild has not made any allowance for impairment losses relating to amounts owed by related parties as the payment history has been sound (2015: \$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 2016

	2016	2015
	\$	\$
NOTE 9 OTHER FINANCIAL ASSETS (CURRENT)		
Term deposits	12,000,000	-
	<u>12,000,000</u>	<u>-</u>
Term deposits are made for varying periods of between six and eleven months, and earn interest at the respective term deposit rates.		
NOTE 10 OTHER CURRENT ASSETS (CURRENT)		
Prepayments	518,238	588,126
	<u>518,238</u>	<u>588,126</u>
NOTE 11 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 (2016: 100%, 2015: 100%)	18	18
Guild Group Holdings Limited		
3,585,434 ordinary shares at \$1 per share (2016: 100%, 2015: 100%)	3,585,434	3,585,434
20,000 ordinary shares at \$100 per share (2016: 100%, 2015: 100%)	2,000,000	2,000,000
Gold Cross Products and Services Pty Ltd		
402 ordinary shares (2016: 100%, 2015: 100%)	804	804
National Pharmacy Television Pty Limited		
1 ordinary share (2016: 100%, 2015: 100%)	1	1
GuildLink Pty Ltd		
1 ordinary share (2016: 100%, 2015: 100%)	1	1
	<u>5,586,258</u>	<u>5,586,258</u>
Investment in jointly controlled entity:		
Shares in jointly controlled entity - unlisted		
Australian Association of Consultant Pharmacy Pty Limited		
2 ordinary shares at cost (2016: 50%, 2015: 50%)	2	2
Total other financial assets	<u>5,586,260</u>	<u>5,586,260</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	950,000
	<u>1,361,580</u>	<u>1,361,580</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>18,281,580</u>
Total Other Financial Assets, Loans and Receivables	<u>23,867,840</u>	<u>23,867,840</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016**

NOTE 11 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. The rate of interest on this loan is variable.

As at the reporting date this rate was 4.75% (2015: 5.0%)

(b) Fair values

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

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

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 12 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	597,805	639,927
Additions	123,697	228,057
Disposals	(643)	(2,459)
Depreciation	(227,399)	(267,720)
As at 30 June, net of accumulated depreciation and impairment	<u>493,460</u>	<u>597,805</u>
Cost	3,299,647	3,613,160
Accumulated depreciation and impairment	(2,806,187)	(3,015,355)
Net carrying amount	<u>493,460</u>	<u>597,805</u>
Motor vehicles - at cost		
As at 1 July, net of accumulated depreciation and impairment	22,755	55,940
Additions	-	25,760
Disposals	-	(47,882)
Depreciation	(5,152)	(11,063)
As at 30 June, net of accumulated depreciation and impairment	<u>17,603</u>	<u>22,755</u>
Cost	25,760	25,760
Accumulated depreciation and impairment	(8,157)	(3,005)
Net carrying amount	<u>17,603</u>	<u>22,755</u>
Artwork - at cost		
As at 1 July, net of accumulated depreciation and impairment	96,200	96,200
Disposals	(2,000)	-
As at 30 June, net of accumulated depreciation and impairment	<u>94,200</u>	<u>96,200</u>
Net carrying amount at beginning and end	<u>94,200</u>	<u>96,200</u>
Antiques - at cost		
As at 1 July, net of accumulated depreciation and impairment	16,626	16,626
As at 30 June, net of accumulated depreciation and impairment	<u>16,626</u>	<u>16,626</u>
Net carrying amount 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	733,386	808,693
Additions	123,697	253,817
Disposals	(2,643)	(50,341)
Depreciation	(232,551)	(278,783)
As at 30 June, net of accumulated depreciation and impairment	<u>621,889</u>	<u>733,386</u>
Cost	3,436,233	3,751,746
Accumulated depreciation and impairment	(2,814,344)	(3,018,360)
Net carrying amount	<u>621,889</u>	<u>733,386</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 13 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	1,896,555	1,702,682
Additions	444,681	780,864
Transfers	13,075	902,727
Amortisation	(1,091,848)	(1,489,718)
As at 30 June, net of accumulated amortisation and impairment	<u>1,262,463</u>	<u>1,896,555</u>
Cost	4,324,338	4,381,700
Accumulated amortisation and impairment	(3,061,875)	(2,485,145)
Net carrying amount	<u>1,262,463</u>	<u>1,896,555</u>
Software in progress - at cost		
As at 1 July	13,075	902,727
Additions	-	13,075
Transfers	(13,075)	(902,727)
As at 30 June	<u>-</u>	<u>13,075</u>
Cost	-	13,075
Accumulated amortisation and impairment	-	-
Net carrying amount	<u>-</u>	<u>13,075</u>
Total intangible assets - at cost		
As at 1 July, net of accumulated amortisation and impairment	1,909,630	2,605,409
Additions	444,681	793,939
Amortisation	(1,091,848)	(1,489,718)
As at 30 June, net of accumulated amortisation and impairment	<u>1,262,463</u>	<u>1,909,630</u>
Cost	4,324,338	4,394,775
Accumulated amortisation and impairment	(3,061,875)	(2,485,145)
Net carrying amount	<u>1,262,463</u>	<u>1,909,630</u>
NOTE 14 TRADE AND OTHER PAYABLES (CURRENT)		
Trade and other payables	3,908,075	3,103,692
Accrued expenses	14,464,133	13,604,222
Amounts payable to related entities:		
Branch creditors	425,424	493,036
Gold Cross Products and Services Pty Limited	-	90
GuildLink Pty Ltd	-	23,364
Meridian Lawyers Limited	104,684	86,168
Consideration for employers making payroll deductions of membership subscriptions	-	-
Net GST payable	145,267	204,286
Amounts held on trust:		
Medicines Partnership of Australia (MPA)	4,404	4,404
	<u>19,051,987</u>	<u>17,519,262</u>
Payables include the following:		
Legal fees payable		
- In respect of litigation	-	-
- In respect of other legal matters	114,958	86,168
	<u>114,958</u>	<u>86,168</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
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 14 TRADE AND OTHER PAYABLES (CURRENT) (Cont'd)		
(b) Related party payables		
Branch creditors as at 30 June comprised:		
New South Wales	11,440	63,910
Victoria	1,885	20,693
Queensland	8,385	2,466
South Australia	-	31,462
Western Australia	2,652	2,646
Tasmania	244,651	186,191
Australian Capital Territory	35,859	35,750
Northern Territory	120,552	149,918
	<u>425,424</u>	<u>493,036</u>
Purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.		
Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.		
NOTE 15 EMPLOYEE BENEFIT LIABILITIES		
Current		
Annual leave	977,887	962,688
Separation and redundancies	-	-
Long service leave	937,419	1,118,089
	<u>1,915,306</u>	<u>2,080,777</u>
Non-Current		
Long service leave	177,534	135,424
	<u>177,534</u>	<u>135,424</u>
Employee entitlements (annual leave) in respect of:		
- officers	42,174	27,148
- other employees	935,713	935,540
	<u>977,887</u>	<u>962,688</u>
Employee entitlements (separation and redundancies) in respect of:		
- officers	-	-
- other employees	-	-
	<u>-</u>	<u>-</u>
Employee entitlements (long service leave) in respect of:		
- officers	2,367	694
- other employees	1,112,586	1,252,819
	<u>1,114,953</u>	<u>1,253,513</u>
No employee provisions in respect of officers or employees have been recognised during the financial year for other employee provisions.		
NOTE 16 RESERVES AND ACCUMULATED FUNDS		
(a) National Fighting Fund reserve		
Balance at the beginning of year	4,287,058	6,171,570
Transfer to accumulated funds	(8,313)	(1,884,512)
Balance at the end of year	<u>4,278,745</u>	<u>4,287,058</u>
Total Reserves	<u>4,278,745</u>	<u>4,287,058</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$

NOTE 16 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 2016 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	52,379,713	47,979,899
Net surplus attributable to the Guild	1,535,036	2,515,302
Transfer from the Fighting Fund reserve	8,313	1,884,512
Balance at the end of the year	53,923,062	52,379,713

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

NOTE 17 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	882,835	875,718
After one year but not more than five years	2,207,087	3,065,011
After more than five years	-	-
	3,089,922	3,940,729

NOTE 18 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	1,136,098	1,943,127
	Victoria	734,875	1,279,912
	Queensland	700,083	1,235,542
	South Australia	258,948	460,741
	Western Australia	440,174	759,612
	Tasmania	99,371	177,615
	Australian Capital Territory	56,024	98,531
	Northern Territory	23,529	38,794
		3,449,102	5,993,874
	Amounts allocated to the Fighting Fund from capitation fees received:		
	New South Wales	431,778	560,441
	Victoria	273,532	362,366
	Queensland	278,042	376,091
	South Australia	100,002	134,603
	Western Australia	164,404	214,483
	Tasmania	36,435	49,672
	Australian Capital Territory	20,684	27,619
	Northern Territory	10,138	13,080
		1,315,015	1,738,355

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 18 RELATED PARTY DISCLOSURES (Cont'd)		
b) Continuing professional development accreditation income was received from the following Branches and controlled entities:		
New South Wales	75	1,900
Victoria	-	550
Queensland	-	1,625
Western Australia	-	450
Australian Capital Territory	150	-
Gold Cross Products and Services Pty Ltd	-	600
	<u>225</u>	<u>5,125</u>
c) Consulting income was received from the following Branches:		
New South Wales	-	1,595
Queensland	-	4,015
Western Australia	-	1,100
Tasmania	-	413
	<u>-</u>	<u>7,123</u>
d) Interest income was received from the following controlled entities:		
Guild Group Holdings Limited	1,011,861	1,079,378
GuildLink Pty Ltd	47,259	61,703
Gold Cross Products and Services Pty Ltd	25,944	25,944
	<u>1,085,064</u>	<u>1,167,025</u>
e) National Secretariat received referral fee income from Guild Insurance Limited, a subsidiary of Guild Group Holdings Limited.	<u>1,970,492</u>	<u>2,249,362</u>
f) During the year the National Secretariat received commission income from:		
Gold Cross Products and Services Pty Limited	891,616	872,207
Queensland Branch	3,308	3,308
	<u>894,924</u>	<u>875,515</u>
g) Licence fee income received from Guild Group Holdings Limited.	<u>57,000</u>	<u>57,000</u>
h) Dividend income received from Guild Group Holdings Limited.	<u>3,500,000</u>	<u>3,500,000</u>
i) During the year the National Secretariat received advertising income from:		
Gold Cross Products and Services Pty Ltd	4,500	6,000
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	-	7,500
	<u>4,500</u>	<u>13,500</u>
j) During the year the National Secretariat received sponsorship income from:		
South Australia Branch	-	5,000
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	7,500	-
Guild Group Holdings Ltd	19,091	19,091
Guild Financial Services Ltd, a subsidiary of Guild Group Holdings Ltd	7,500	-
Gold Cross Products and Services Pty Ltd	27,045	22,045
GuildLink Pty Ltd	9,545	12,045
Meridian Lawyers, a subsidiary of Guild Group Holdings Ltd	3,500	3,500
Fred Health Pty Ltd, an associate of the Victorian Branch	14,545	20,378
	<u>88,726</u>	<u>82,059</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 18 RELATED PARTY DISCLOSURES (Cont'd)		
k) E-learning platform module hosting income received from: Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd Fred Health Pty Ltd, an associate of the Victorian Branch	2,000 9,167 <u>11,167</u>	- - <u>-</u>
l) During the year, Fighting Fund contributions were received from Gold Cross Products and Services Pty Ltd	<u>-</u>	<u>500,000</u>
m) During the year the Victorian Branch distributed a component of the dividend received from Fred Health Pty Ltd, an associate of the Victorian Branch, to the National Secretariat	<u>8,750</u>	<u>-</u>
n) Government grant & program payments made to Branches:		
Queensland	-	(3,636)
Western Australia	-	(4,500)
Northern Territory	-	(19,999)
	<u>-</u>	<u>(28,135)</u>
o) The National Secretariat has given subsidies to the following Branches to part fund their operations:		
Tasmania	(297,410)	(294,037)
Australian Capital Territory	(220,000)	(220,000)
Northern Territory	(209,593)	(236,289)
	<u>(727,003)</u>	<u>(750,326)</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	(1,116,939)	(947,951)
Victoria	(747,695)	(630,326)
Queensland	(863,051)	(749,974)
South Australia	(318,208)	(277,004)
Western Australia	(387,269)	(335,381)
Tasmania	(177,296)	(163,494)
Australian Capital Territory	(136,773)	(126,900)
Northern Territory	(81,991)	(82,317)
	<u>(3,829,222)</u>	<u>(3,313,347)</u>
q) During the year the National Secretariat paid the NSW Branch for Cold Chain expenses	<u>(211,500)</u>	<u>(320,100)</u>
r) During the year the National Secretariat provided sponsorship to the following branches:		
Queensland	<u>-</u>	<u>(1,818)</u>
s) Funds were provided to the following Branches to undertake projects during the year:		
New South Wales	-	(67,494)
Victoria	-	(48,000)
Queensland	-	(48,000)
South Australia	-	(43,000)
Western Australia	-	(45,000)
Tasmania	-	(12,000)
Australian Capital Territory	-	(8,500)
Northern Territory	(83,636)	(70,447)
	<u>(83,636)</u>	<u>(342,441)</u>
t) During the year rent was paid to the following Branches:		
Victoria	<u>(97,992)</u>	<u>(98,484)</u>
u) During the year the National Secretariat paid legal fees to Meridian Lawyers Limited, a subsidiary of Guild Group Holdings Limited	<u>(801,951)</u>	<u>(352,968)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
NOTE 18 RELATED PARTY DISCLOSURES (Cont'd)		
v) Fees paid to GuildLink Pty Ltd for projects conducted during the year	<u>(326,466)</u>	<u>(45,420)</u>
w) During the year Intern Training Program costs were paid to the following Branches:		
Queensland	(29,728)	-
Tasmania	-	(12,727)
	<u>(29,728)</u>	<u>(12,727)</u>
x) During the year the National Secretariat paid amounts to GuildLink Pty Ltd for capital works	<u>-</u>	<u>(65,504)</u>
y) During the year the National Secretariat paid amounts to the Victorian Branch for secretarial support	<u>(63,036)</u>	<u>(61,200)</u>
z) Fees paid to Gold Cross Products and Services Pty Limited for advertisement	<u>(4,500)</u>	<u>-</u>
aa) Fees paid to Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd for corporate insurance premiums	<u>(40,805)</u>	<u>(35,117)</u>
ab) Fees paid to Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd for workers compensation insurance premiums	<u>(74,198)</u>	<u>(71,238)</u>

NOTE 19 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) National Council

T. Battalis
M. Douglass
J.C. Dowling
A. Galbraith
D. Leahy
T.J. Logan
Z.L. Mullen
N. Panayiaris
A. Pricolo
P.G. Sinclair
G. Tambassis
A. Tassone
T. Twomey
I.P. Todd
G. Ward
S. Wragg

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

Short-term employee benefits	1,948,379	2,203,902
Post employment benefits	201,485	256,022
Other long-term benefits	(1,319)	8,312
Termination benefits	-	-
Total compensation	<u>2,148,545</u>	<u>2,468,236</u>

NOTE 20 CONTINGENT LIABILITIES

There are no contingent liabilities.

NOTE 21 COMMITMENTS

The National Secretariat has committed to financially support the Tasmanian, Australian Capital Territory and Northern Territory Branches in the year ending 30 June 2017 by funding deficits of the relevant branches up to maximum of \$760,000 in total.

NOTE 22 EVENTS AFTER THE BALANCE SHEET DATE

On 31 August 2016, the directors of Guild Group Holdings Limited declared a dividend on ordinary shares in respect of the 2016 financial year. The total amount of the dividend payable to the Guild is \$3,000,000.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016**

NOTE 23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk Exposures and Responses

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

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

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

(i) Interest rate risk

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

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

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

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

	2016 \$	2015 \$
Financial Assets		
Cash and short-term deposits	41,999,085	59,145,969
Other financial assets (current)	12,000,000	-
Amounts receivable from controlled entities:		
GuildLink Pty Ltd	950,000	950,000
Guild Group Holdings Limited	16,840,000	16,840,000
	<u>71,789,085</u>	<u>76,935,969</u>

At 30 June 2016, 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) 2016 \$	Net Surplus Higher / (Lower) 2015 \$
+ 1% (100 basis points)	506,465	470,439
- 1% (100 basis points)	(506,465)	(470,439)

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.

(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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016**

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

(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 (2015: \$16,840,000), there are no significant concentrations of credit risk within the Guild.

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

	Note	2016 \$	2015 \$
Cash and short-term deposits	7	41,999,085	59,145,969
Trade and other receivables (current)	8	15,987,962	6,789,530
Other financial assets (current)	9	12,000,000	-
Other financial assets (non-current)	11	5,586,260	5,586,260
Receivables (non-current)	11	18,281,580	18,281,580
		<u>93,854,887</u>	<u>89,803,339</u>

(v) Liquidity Risk

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

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

The Guild has no borrowings.

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

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

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

Year ended 30 June 2016	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
Financial Assets					
Cash and short-term deposits	41,999,085	-	-	-	41,999,085
Other financial assets (current)	12,000,000	-	-	-	12,000,000
Trade & other receivables	15,987,962	-	-	18,281,580	34,269,542
	<u>69,987,047</u>	<u>-</u>	<u>-</u>	<u>18,281,580</u>	<u>88,268,627</u>
Financial Liabilities					
Trade & other payables	19,051,987	-	-	-	19,051,987
Government grants and project funds held	15,460,151	-	-	-	15,460,151
	<u>34,512,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,512,138</u>
Net	<u>35,474,909</u>	<u>-</u>	<u>-</u>	<u>18,281,580</u>	<u>53,756,489</u>
Year ended 30 June 2015	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
Financial Assets					
Cash and short-term deposits	59,145,969	-	-	-	59,145,969
Trade & other receivables	6,789,530	-	-	18,281,580	25,071,110
Available for sale investments	-	-	-	-	-
	<u>65,935,499</u>	<u>-</u>	<u>-</u>	<u>18,281,580</u>	<u>84,217,079</u>
Financial Liabilities					
Trade & other payables	17,519,262	-	-	-	17,519,262
Government grants and project funds held	16,295,400	-	-	-	16,295,400
	<u>33,814,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,814,662</u>
Net	<u>32,120,837</u>	<u>-</u>	<u>-</u>	<u>18,281,580</u>	<u>50,402,417</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

NOTE 24 AUDITOR REMUNERATION

Remuneration to auditors		
Audit fees	58,556	56,753
Other assurance services	54,332	74,469
Taxation services	-	9,000
Other non-assurance services	-	62,984
	<u>112,888</u>	<u>203,206</u>

NOTE 25 MISCELLANEOUS DISCLOSURES

- (i) The National Secretariat is not reliant upon other reporting units in order to continue as a going concern.
- (ii) The National Secretariat has not 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 2016, 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, operating report, and the committee of management statement.

National Councillors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to The Guild'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 Guild'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.

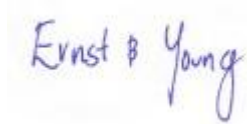
Independence

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 2016 and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*; and
- (b). the financial report also complies with the requirements imposed by the Fair Work Reporting Guidelines; and
- (c). the National Councillors' use of the going concern basis of accounting in the preparation of Guild's financial statements is appropriate.



Ernst & Young



Anthony Ewan
Canberra
14 October 2016

Registered Auditor with ASIC No: 471861
Chartered Accountants Australia and New Zealand
Membership number: 228983