



1 December 2017

Mr John Dowling
National Vice President (Finance)
Pharmacy Guild of Australia, The
Level 2, 15 National Circuit
BARTON ACT 2600
guild.nat@guild.org.au

CC: Anthony.ewan@au.ey.com

Dear Mr Dowling,

**Pharmacy Guild of Australia, The
Financial Report for the year ended 30 June 2017 - [FR2017/222]**

I acknowledge receipt of the financial report of The Pharmacy Guild of Australia. The documents were lodged with the Registered Organisations Commission (the ROC) on 28 November 2017.

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 2018 may be subject to an advanced compliance review.

Reporting Requirements

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC 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](#).

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at david.vale@roc.gov.au.

Yours faithfully

A handwritten signature in blue ink, appearing to read "David Vale", is enclosed in a thin black rectangular border.

David Vale
Registered Organisations Commission



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 2017, 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 6 November 2017 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 28 November 2017, in accordance with s266(3) of the *Fair Work (Registered Organisations) Act 2009*.

DATED THIS TWENTY-EIGHTH DAY OF NOVEMBER 2017

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

The Pharmacy Guild of Australia National Secretariat

**Financial Report
For the Year Ended 30 June 2017**

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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 2017 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 2017 to which this report relates the number of members of the organisation was 3,816.
- (ii) As at 30 June 2017 the total number of employees employed by the reporting entity was 97.
- (iii) During the financial year ended 30 June 2017 the following persons were members of National Council for the whole period, unless otherwise stated:

T. Battalis	I.P. Todd
J.C. Dowling	S. Wragg
A. Galbraith	M. Douglass (resigned 1 January 2017)
T.J. Logan	D. Leahy (resigned 1 January 2017)
Z.L. Mullen	P.G. Sinclair (resigned 1 January 2017)
N. Panayiaris	G. Ward (resigned 3 October 2016)
A. Pricolo	R.P. Samimi (appointed 1 January 2017)
G. Tambassis	M.S. Barone (appointed 1 January 2017)
A. Tassone	D.M. Heffernan (appointed 1 January 2017)
T. Twomey	J.M. O’Malley (appointed 31 October 2016)

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

13 October 2017

**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 13 October 2017 that in relation to the General Purpose Financial Report of the National Secretariat, the opinion of National Council is as follows:

- (a) the attached financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirement imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial position of the National Secretariat as at 30 June 2017 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2017;
- (d) there are reasonable grounds to believe that the National Secretariat will be able to pay its debts as and when they become due and payable;
- (e) during the year to which the attached General Purpose Financial Report relates and since the end of that year:
 - (i) meetings of the National Council were held in accordance with the rules of the organisation;
 - (ii) the financial affairs of the National Secretariat have been managed in accordance with the rules of the organisation;
 - (iii) the financial records of the National Secretariat have been kept and maintained in accordance with the RO Act and the *Fair Work (Registered Organisations) Regulations 2009*;
 - (iv) the financial records of the National Secretariat have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation;
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner;
 - (vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance; and
 - (vii) no revenue has been derived from undertaking recovery of wages activity during the reporting period.



GEORGE TAMBASSIS
13 October 2017



JOHN CHRISTOPHER DOWLING
13 October 2017

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 \$	2016 \$
Income			
Revenue from rendering of services	5	25,490,772	21,572,133
Other revenue	5	8,048,453	8,362,320
Other income	5	154,383,269	152,294,290
		<u>187,922,494</u>	<u>182,228,743</u>
Expenses			
Remuneration and employee benefits expense	6	(12,560,557)	(12,179,696)
Depreciation and amortisation	6	(1,058,829)	(1,324,399)
Other expenses	6	(172,456,656)	(167,189,612)
		<u>(186,076,042)</u>	<u>(180,693,707)</u>
Net surplus		<u><u>1,846,452</u></u>	<u><u>1,535,036</u></u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>1,846,452</u></u>	<u><u>1,535,036</u></u>
Total comprehensive income attributable to the members of the Pharmacy Guild of Australia:		<u><u>1,846,452</u></u>	<u><u>1,535,036</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 2017

	NOTE	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and short-term deposits	7	29,751,652	41,999,085
Trade and other receivables	8	24,404,782	15,987,962
Other financial assets	9	15,000,000	12,000,000
Other current assets	10	558,417	518,238
Total current assets		<u>69,714,851</u>	<u>70,505,285</u>
Non-current assets			
Other financial assets	11	5,586,260	5,586,260
Loans and receivables	11	18,931,580	18,281,580
Property, plant and equipment	12	474,140	621,889
Intangible assets	13	1,178,293	1,262,463
Total non-current assets		<u>26,170,273</u>	<u>25,752,192</u>
TOTAL ASSETS		<u>95,885,124</u>	<u>96,257,477</u>
LIABILITIES			
Current liabilities			
Trade and other payables	14	14,767,273	19,051,987
Government grants and project funds held		18,625,263	15,460,151
Deferred income		254,676	1,450,692
Employee benefit liabilities	15	1,935,206	1,915,306
Total current liabilities		<u>35,582,418</u>	<u>37,878,136</u>
Non-current liabilities			
Employee benefit liabilities	15	254,447	177,534
Total non-current liabilities		<u>254,447</u>	<u>177,534</u>
TOTAL LIABILITIES		<u>35,836,865</u>	<u>38,055,670</u>
NET ASSETS		<u>60,048,259</u>	<u>58,201,807</u>
MEMBERS FUNDS			
Reserves	16(a)	3,655,236	4,278,745
Accumulated funds	16(b)	56,393,023	53,923,062
		<u>60,048,259</u>	<u>58,201,807</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 2017**

	NOTE	Accumulated Funds \$	National Fighting Fund Reserve \$	Total Equity \$
Balance as at 30 June 2015	16	52,379,713	4,287,058	56,666,771
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		8,313	(8,313)	-
Balance as at 30 June 2016	16	<u>53,923,062</u>	<u>4,278,745</u>	<u>58,201,807</u>
Net surplus for the period		1,846,452	-	1,846,452
Other comprehensive income		-	-	-
Total comprehensive income		<u>1,846,452</u>	<u>-</u>	<u>1,846,452</u>
Transfers from National Fighting Fund reserve to accumulated funds		623,509	(623,509)	-
Balance as at 30 June 2017	16	<u>56,393,023</u>	<u>3,655,236</u>	<u>60,048,259</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 2017

	NOTE	2017 \$	2016 \$
Operating activities			
Receipts from operations		31,735,256	29,665,160
Interest received		1,919,591	1,857,522
Dividends received		3,000,000	3,500,000
Government grants and project funds received		153,065,276	141,566,375
Payments to suppliers and employees		<u>(197,490,569)</u>	<u>(181,167,563)</u>
Net cash flows used in operating activities	7(b)	<u>(7,770,446)</u>	<u>(4,578,506)</u>
Investing activities			
Purchase of property, plant and equipment		(80,349)	(123,697)
Purchase of intangible assets		(746,638)	(444,681)
Purchase of financial instruments		(3,000,000)	(12,000,000)
Loan to GuildLink Pty Ltd		<u>(650,000)</u>	<u>-</u>
Net cash flows used in investing activities		<u>(4,476,987)</u>	<u>(12,568,378)</u>
Net decrease in cash and cash equivalents		(12,247,433)	(17,146,884)
Cash and cash equivalents at beginning of period		<u>41,999,085</u>	<u>59,145,969</u>
Cash and cash equivalents at end of period	7	<u><u>29,751,652</u></u>	<u><u>41,999,085</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 2017**

NOTE 1 ORGANISATIONAL INFORMATION

The financial statements of The Pharmacy Guild of Australia - National Secretariat (the Guild) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution passed by the National Council on 13 October 2017.

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 2014-4	Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	The amendments clarify the principle in AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.	1 January 2016	1 July 2016
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	The amendments to AASB 127 <i>Separate Financial Statements</i> allow an entity to use the equity method as described in AASB 128 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements.	1 January 2016	1 July 2016

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017**

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

b) Statement of compliance (cont'd)

Reference	Title	Summary	Application date of standard*	Application date for Guild*
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard amends AASB 101 <i>Presentation of Financial Statements</i> to clarify existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying the Standard in determining what information to disclose, where and in what order information is presented in their 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.	1 January 2016	1 July 2016

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

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 2017. These are outlined below.

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 2016-4	Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	This Standard amends AASB 136 <i>Impairment of Assets</i> 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 <i>Fair Value Measurement</i> [under the revaluation model in AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i>] no longer need to consider AASB 136. Not-for-profit entities holding such assets at cost may determine recoverable amounts using current replacement cost in AASB 13 as a measure of fair value for the purposes of AASB 136.	1 January 2017	The Guild's accounting policy regarding the impairment of non-financial assets will be changed to reflect that value in use for Guild assets will be taken to be an assets current replacement cost. The Guild has determined that there will be no financial impact from the adoption of this accounting standard.	1 July 2017
AASB 9, and relevant amending standards	<i>Financial Instruments</i>	ASB 9 replaces AASB 139 <i>Financial Instruments: Recognition and Measurement</i> . Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.	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 2017**

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, and relevant amending standards (cont'd)		<p>For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.</p> <p>All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.</p> <p>The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.</p>			
AASB 15, and relevant amending standards	<i>Revenue from Contracts with Customers</i>	<p>AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i>, AASB Interpretation 13 <i>Customer Loyalty Programmes</i>, AASB Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, AASB Interpretation 18 <i>Transfers of Assets from Customers</i> and AASB Interpretation 131 <i>Revenue – Barter Transactions Involving Advertising Services</i>) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 <i>Leases</i>, once applied).</p> <p>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 an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:</p> <ul style="list-style-type: none"> • Step 1: Identify the contract(s) with a customer • Step 2: Identify the performance obligations in the contract • Step 3: Determine the transaction price • Step 4: Allocate the transaction price to the performance obligations in the contract • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. 	1 January 2019	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2019
AASB 16	<i>Leases</i>	<p>AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 <i>Leases</i>. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).</p> <p>At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).</p> <p>Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.</p>	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 2017**

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>Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.</p>			
AASB 1058 AASB 2016-8	<p><i>Income of Not-for-Profit Entities</i></p> <p><i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities</i></p>	<p>AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately.</p> <p>The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.</p> <p>Consequently AASB 1004 <i>Contributions</i> is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context.</p>	1 January 2019	The Guild has not yet determined the extent of the impact of the amendments, if any.	1 July 2019

* Designates the beginning of the applicable annual reporting period.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

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 received. 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 instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other revenue in the statement of comprehensive income.

Dividends

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

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 of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

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.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

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 2017**

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.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is 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" 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.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

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

l) Impairment of non-financial assets

The Guild assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Guild estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash

inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

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

The following assets have specific characteristics for impairment testing:

Intangible assets

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

m) Trade and other payables

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

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

n) Provisions and employee benefits

General

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

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

Employee leave benefits

i) Wages, salaries, annual leave and sick leave

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

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on 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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017**

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

a) Long service leave provision

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

b) Estimation of useful lives of assets

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

c) Impairment of assets

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

NOTE 4 INFORMATION TO BE PROVIDED TO MEMBERS OR COMMISSIONER

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

Information to be provided to members or Commissioner

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 5 INCOME		
Revenue from rendering of services		
Membership subscriptions ex branches (capitation fee)	6,116,112	3,449,101
Fighting fund income from other corporations	51,388	206,859
Levies (compulsory or voluntary)	-	-
Quality Care Pharmacy Program (QCPP) income:		
Accreditation fees	10,163,862	9,815,401
Assessment fees	2,465,162	1,776,723
Sale of QCPP related items	1,036	32,024
Administration of government programs	5,969,417	6,061,224
Training module development and hosting	420,502	111,128
Conference income	-	89,204
Pharmacy resource tools	303,293	30,469
	<u>25,490,772</u>	<u>21,572,133</u>
 Component of capitation fee allocated to Fighting Fund	 <u>1,777,264</u>	 <u>1,315,015</u>
Other Revenue		
Interest received:		
Controlled entities	1,032,451	1,085,064
Other corporations	915,566	858,148
Commissions from controlled entity	911,426	891,616
Dividend income from controlled entity	3,000,000	3,500,000
Licence fees received from controlled entity	-	57,000
Referral fees from controlled entity	2,189,010	1,970,492
	<u>8,048,453</u>	<u>8,362,320</u>
Other income		
Donations received	-	-
Government grants and project funds	153,065,575	151,584,037
Sponsorship income	390,092	464,698
Contributions for project work	150,000	-
Other income	777,602	245,555
	<u>154,383,269</u>	<u>152,294,290</u>
	<u>187,922,494</u>	<u>182,228,743</u>
NOTE 6 EXPENSES		
Remuneration and employee benefits expense		
Wages and salaries - officers	750,063	575,101
Wages and salaries - employees (other than officers)	9,284,732	9,251,226
Superannuation - officers	59,534	43,047
Superannuation - employees (other than officers)	1,068,085	1,077,103
Provision for annual leave - officers	30,111	15,026
Provision for annual leave - employees (other than officers)	109,326	160,483
Provision for long service leave - officers	7,730	1,673
Provision for long service leave - employees (other than officers)	151,620	164,403
Separation and redundancies - officers	-	-
Separation and redundancies - employees (other than officers)	270,566	58,137
Other on-costs (payroll tax and workers compensation expenses)	828,790	833,497
Total remuneration and employee benefits expense	<u>12,560,557</u>	<u>12,179,696</u>
Depreciation and amortisation		
Depreciation	228,020	232,551
Amortisation of intangible assets	830,809	1,091,848
	<u>1,058,829</u>	<u>1,324,399</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 6 EXPENSES (cont'd)		
Other expenses		
Administrative expenses	800,135	792,592
Affiliation fees (a)	99,765	91,202
Audit fees	126,007	112,888
Bank fees	76,965	81,012
Branch Funding - Membership Acquisition & Retention	315,092	-
Branch Funding - Pharmacy Service Support	4,833,172	3,829,222
Campaign expenses	769,466	328,447
Capitation fee	-	-
Cold chain expenses	319,700	211,500
Communication and marketing	102,899	46,448
Compulsory levies	-	-
Conference management	-	187,517
Consideration for employers making payroll deductions of membership subscriptions	-	-
Consultants expenses	3,199,516	2,242,415
Donations and grants (b)	133,186	156,283
E-learning and training material expenses	355,188	133,703
Government grant expenses and program payments	152,902,296	151,584,037
Government program external administration costs	277,222	277,222
Legal expenses - litigation	-	-
Legal expenses - other legal matters	645,355	833,776
Loss on disposal of fixed assets	77	2,643
Meeting & conference - fees/allowances	-	-
Meeting expenses:		
National Council	298,391	291,272
Committee expenses	125,795	132,185
Other meeting expenses	135,012	44,452
National membership database	130,254	157,969
Penalties imposed under the RO Act or RO Regulations	-	-
QCPP assessment expenses	3,120,243	2,119,632
Rent paid (minimum lease payments - operating lease)	947,504	928,819
Special projects	189,102	212,951
Standards materials expenses	-	263
Subsidies to branches	674,456	727,003
Travel expenses (local and overseas)	507,895	453,213
Other expenses	1,371,963	1,210,946
Total other expenses	<u>172,456,656</u>	<u>167,189,612</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	53,406	52,231
Council of Small Business of Australia	9,000	8,000
International Pharmaceutical Federation	30,840	30,971
World Pharmacy Council	6,519	-
	<u>99,765</u>	<u>91,202</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	4,391	11,317
Total paid that exceeded \$1,000	128,795	144,966
	<u>133,186</u>	<u>156,283</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 7 CASH AND SHORT-TERM DEPOSITS		
Guild cash		
Cash at bank and on hand	11,741,138	14,227,766
Short-term deposits	9,500,000	8,500,000
Guild cash at bank, on hand and short-term deposits	<u>21,241,138</u>	<u>22,727,766</u>
Cash held in trust		
Cash at bank held in trust (a)	<u>8,510,514</u>	<u>19,271,319</u>
Total cash and short-term deposits	<u>29,751,652</u>	<u>41,999,085</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	20,251,652	33,499,085
Short-term deposits	9,500,000	8,500,000
Cash at bank and on hand	<u>29,751,652</u>	<u>41,999,085</u>
Reconciliation of operating surplus to net cash flows from operations:		
Operating surplus	1,846,452	1,535,036
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	228,020	232,551
Amortisation of intangible assets	830,809	1,091,848
Net loss on disposal of fixed assets	77	2,643
<i>Changes in assets and liabilities</i>		
Increase in trade and other receivables	(8,416,820)	(9,198,432)
(Increase)/ decrease in other current assets	(40,179)	69,889
(Decrease)/ increase in trade and other payables	(4,226,703)	1,591,743
Increase/ (decrease) in employee benefit liabilities	96,813	(123,361)
(Decrease)/ increase in deferred income	(1,196,016)	1,113,845
Decrease in net GST payable	(58,011)	(59,019)
Increase/ (decrease) in government grants and project funds	3,165,112	(835,249)
Net cash flows used in operating activities	<u>(7,770,446)</u>	<u>(4,578,506)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 7 CASH AND SHORT-TERM DEPOSITS (cont'd)		
(c) Related party operating cash flows		
Cash inflows		
Branches:		
New South Wales	2,337,326	1,330,004
Victoria	1,432,599	843,670
Queensland	1,449,397	895,881
South Australia	536,744	323,645
Western Australia	922,968	562,620
Tasmania	272,774	191,952
Australian Capital Territory	162,806	108,653
Northern Territory	92,125	59,576
Other related parties		
Gold Cross Products and Services Pty Ltd	1,097,325	910,891
GuildLink Pty Ltd	119,928	112,720
Guild Group Holdings Limited	4,080,740	4,584,561
Guild Insurance Limited	2,337,678	2,241,086
Guild Financial Services Ltd	6,891	8,250
Meridian Lawyers	-	-
Fred Health Pty Ltd	13,250	45,750
Total related party cash inflows from operating activities	<u>14,862,551</u>	<u>12,219,259</u>
Cash outflows		
Branches:		
New South Wales	(1,702,837)	(1,534,615)
Victoria	(1,215,478)	(1,048,904)
Queensland	(1,325,858)	(1,010,117)
South Australia	(435,226)	(403,730)
Western Australia	(637,205)	(431,261)
Tasmania	(633,569)	(469,568)
Australian Capital Territory	(380,796)	(394,601)
Northern Territory	(471,886)	(444,970)
Other related parties		
Gold Cross Products and Services Pty Ltd	(13,425)	(5,877)
GuildLink Pty Ltd	(573,500)	(382,488)
Guild Group Holdings Limited	(58,738)	(46,466)
Guild Insurance Limited	(170,520)	-
Meridian Lawyers	(505,735)	(863,630)
Fred Health Pty Ltd	-	-
Total related party cash outflows used in operating activities	<u>(8,124,773)</u>	<u>(7,036,227)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade and other receivables	22,622,926	14,420,718
Allowance for impairment loss	-	-
	<u>22,622,926</u>	<u>14,420,718</u>
Amounts receivable from related entities:		
Branch debtors	260,482	81,901
Gold Cross Products and Services Pty Limited	479,716	460,732
Guild Insurance Limited	1,031,342	928,281
Guild Group Holdings Limited	-	73,700
GuildLink Pty Ltd	10,316	19,880
Fred Health Pty Ltd	-	2,750
Carrying amount of trade and other receivables	<u>24,404,782</u>	<u>15,987,962</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	23,915,832	15,658,955
31-60 days	146,141	61,264
61-90 days	340,081	264,223
> 90 days, past due not impaired	2,728	3,520
> 90 days, considered impaired	-	-
Total	<u>24,404,782</u>	<u>15,987,962</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	139,416	13,416
Victoria	62,672	20,348
Queensland	31,779	24,983
South Australia	11,647	6,198
Western Australia	1,168	2,836
Tasmania	5,580	7,385
Australian Capital Territory	3,496	4,496
Northern Territory	4,724	2,239
	<u>260,482</u>	<u>81,901</u>
Allowance for impairment loss	-	-
	<u>260,482</u>	<u>81,901</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 2017, the Guild has not made any allowance for impairment losses relating to amounts owed by related parties as the payment history has been sound (2016: \$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
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	2017	2016
	\$	\$
NOTE 9 OTHER FINANCIAL ASSETS (CURRENT)		
Term deposits	15,000,000	12,000,000
	<u>15,000,000</u>	<u>12,000,000</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	558,417	518,238
	<u>558,417</u>	<u>518,238</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 (2017: 100%, 2016: 100%)	18	18
Guild Group Holdings Limited		
3,585,434 ordinary shares at \$1 per share (2017: 100%, 2016: 100%)	3,585,434	3,585,434
20,000 ordinary shares at \$100 per share (2017: 100%, 2016: 100%)	2,000,000	2,000,000
Gold Cross Products and Services Pty Ltd		
402 ordinary shares (2017: 100%, 2016: 100%)	804	804
National Pharmacy Television Pty Limited		
1 ordinary share (2017: 100%, 2016: 100%)	1	1
GuildLink Pty Ltd		
1 ordinary share (2017: 100%, 2016: 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 (2017: 50%, 2016: 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		
	<u>1,600,000</u>	<u>950,000</u>
	2,011,580	1,361,580
Unsecured promissory notes (controlled entities):		
Guild Group Holdings Limited		
	16,840,000	16,840,000
Total loans and receivables	<u>18,931,580</u>	<u>18,281,580</u>
Total Other Financial Assets, Loans and Receivables	<u>24,517,840</u>	<u>23,867,840</u>

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017**

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 4.5% (2016: 4.75%)

(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 2017

	2017	2016
	\$	\$
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	493,460	597,805
Additions	80,349	123,697
Disposals	(77)	(643)
Depreciation	(222,869)	(227,399)
As at 30 June, net of accumulated depreciation and impairment	<u>350,863</u>	<u>493,460</u>
Cost	3,301,039	3,299,647
Accumulated depreciation and impairment	(2,950,176)	(2,806,187)
Net carrying amount	<u>350,863</u>	<u>493,460</u>
Motor vehicles - at cost		
As at 1 July, net of accumulated depreciation and impairment	17,603	22,755
Depreciation	(5,152)	(5,152)
As at 30 June, net of accumulated depreciation and impairment	<u>12,451</u>	<u>17,603</u>
Cost	25,760	25,760
Accumulated depreciation and impairment	(13,309)	(8,157)
Net carrying amount	<u>12,451</u>	<u>17,603</u>
Artwork - at cost		
As at 1 July, net of accumulated depreciation and impairment	94,200	96,200
Disposals	-	(2,000)
As at 30 June, net of accumulated depreciation and impairment	<u>94,200</u>	<u>94,200</u>
Net carrying amount at beginning and end	<u>94,200</u>	<u>94,200</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	621,889	733,386
Additions	80,349	123,697
Disposals	(77)	(2,643)
Depreciation	(228,021)	(232,551)
As at 30 June, net of accumulated depreciation and impairment	<u>474,140</u>	<u>621,889</u>
Cost	3,437,625	3,436,233
Accumulated depreciation and impairment	(2,963,485)	(2,814,344)
Net carrying amount	<u>474,140</u>	<u>621,889</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
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	1,262,463	1,896,555
Additions	454,126	444,681
Transfers	-	13,075
Amortisation	(830,809)	(1,091,848)
As at 30 June, net of accumulated amortisation and impairment	<u>885,780</u>	<u>1,262,463</u>
Cost	4,423,724	4,324,338
Accumulated amortisation and impairment	(3,537,944)	(3,061,875)
Net carrying amount	<u>885,780</u>	<u>1,262,463</u>
Software in progress - at cost		
As at 1 July	-	13,075
Additions	292,513	-
Transfers	-	(13,075)
As at 30 June	<u>292,513</u>	<u>-</u>
Cost	292,513	-
Net carrying amount	<u>292,513</u>	<u>-</u>
Total intangible assets - at cost		
As at 1 July, net of accumulated amortisation and impairment	1,262,463	1,909,630
Additions	746,639	444,681
Amortisation	(830,809)	(1,091,848)
As at 30 June, net of accumulated amortisation and impairment	<u>1,178,293</u>	<u>1,262,463</u>
Cost	4,716,237	4,324,338
Accumulated amortisation and impairment	(3,537,944)	(3,061,875)
Net carrying amount	<u>1,178,293</u>	<u>1,262,463</u>
NOTE 14 TRADE AND OTHER PAYABLES (CURRENT)		
Trade and other payables	1,536,436	3,908,075
Accrued expenses	12,094,353	14,464,133
Amounts payable to related entities:		
Branch creditors	902,690	425,424
GuildLink Pty Ltd	56,232	-
Meridian Lawyers Limited	85,902	104,684
Consideration for employers making payroll deductions of membership subscriptions	-	-
Net GST payable	87,256	145,267
Amounts held on trust:		
Medicines Partnership of Australia (MPA)	4,404	4,404
	<u>14,767,273</u>	<u>19,051,987</u>
Payables include the following:		
Legal fees payable		
- In respect of litigation	-	-
- In respect of other legal matters	136,395	114,958
	<u>136,395</u>	<u>114,958</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 2017

	2017	2016
	\$	\$

NOTE 14 TRADE AND OTHER PAYABLES (CURRENT) (Cont'd)

(b) Related party payables

Branch creditors as at 30 June comprised:

New South Wales	512,938	11,440
Victoria	1,723	1,885
Queensland	14,850	8,385
South Australia	33	-
Western Australia	1,951	2,652
Tasmania	160,805	244,651
Australian Capital Territory	71,500	35,859
Northern Territory	138,890	120,552
	902,690	425,424

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	1,004,184	977,887
Separation and redundancies	-	-
Long service leave	931,022	937,419
	1,935,206	1,915,306

Non-Current

Long service leave	254,447	177,534
	254,447	177,534

Employee entitlements (annual leave) in respect of:

- officers	72,285	42,174
- other employees	931,899	935,713
	1,004,184	977,887

Employee entitlements (separation and redundancies) in respect of:

- officers	-	-
- other employees	-	-
	-	-

Employee entitlements (long service leave) in respect of:

- officers	10,097	2,367
- other employees	1,175,372	1,112,586
	1,185,469	1,114,953

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	4,278,745	4,287,058
	Transfer to accumulated funds	(623,509)	(8,313)
	Balance at the end of year	3,655,236	4,278,745
	Total Reserves	3,655,236	4,278,745

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

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 2017 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	53,923,062	52,379,713	
Net surplus attributable to the Guild	1,846,452	1,535,036	
Transfer from the Fighting Fund reserve	623,509	8,313	
Balance at the end of the year	56,393,023	53,923,062	

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	995,097	882,835	
After one year but not more than five years	1,492,645	2,207,087	
After more than five years	-	-	
	2,487,742	3,089,922	

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	2,041,938	1,136,098	
Victoria	1,280,884	734,875	
Queensland	1,231,571	700,083	
South Australia	455,535	258,948	
Western Australia	787,424	440,174	
Tasmania	175,582	99,371	
Australian Capital Territory	103,003	56,024	
Northern Territory	40,175	23,529	
	6,116,112	3,449,102	
Amounts allocated to the Fighting Fund from capitation fees received:			
New South Wales	588,134	431,778	
Victoria	361,909	273,532	
Queensland	376,806	278,042	
South Australia	135,853	100,002	
Western Australia	223,308	164,404	
Tasmania	48,505	36,435	
Australian Capital Territory	29,459	20,684	
Northern Territory	13,290	10,138	
	1,777,264	1,315,015	

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
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	2017	2016
	\$	\$
NOTE 18 RELATED PARTY DISCLOSURES (Cont'd)		
b) Continuing professional development accreditation income was received from the following Branches		
New South Wales	-	75
Australian Capital Territory	-	150
	<u>-</u>	<u>225</u>
c) Interest income was received from the following controlled entities:		
Guild Group Holdings Ltd	961,532	1,011,861
GuildLink Pty Ltd	44,975	47,259
Gold Cross Products and Services Pty Ltd	25,944	25,944
	<u>1,032,451</u>	<u>1,085,064</u>
d) National Secretariat received referral fee income from Guild Insurance Ltd, a subsidiary of Guild Group Holdings Ltd	<u>2,189,010</u>	<u>1,970,492</u>
e) The National Secretariat received commission income from:		
Gold Cross Products and Services Pty Limited	911,426	891,616
Queensland Branch	3,308	3,308
	<u>914,734</u>	<u>894,924</u>
f) Licence fee income received from Guild Group Holdings Ltd	<u>-</u>	<u>57,000</u>
g) Dividend income received from Guild Group Holdings Ltd	<u>3,000,000</u>	<u>3,500,000</u>
h) The National Secretariat received advertising income from:		
Gold Cross Products and Services Pty Ltd	<u>750</u>	<u>4,500</u>
i) The National Secretariat received sponsorship income from:		
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	-	7,500
Guild Group Holdings Ltd	9,091	19,091
Guild Financial Services Ltd, a subsidiary of Guild Group Holdings Ltd	-	7,500
Gold Cross Products and Services Pty Ltd	14,545	27,045
GuildLink Pty Ltd	4,545	9,545
Meridian Lawyers, a subsidiary of Guild Group Holdings Ltd	-	3,500
Fred Health Pty Ltd, an associate of the Victorian Branch	4,545	14,545
	<u>32,726</u>	<u>88,726</u>
j) E-learning platform module hosting income received from:		
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	-	2,000
Fred Health Pty Ltd, an associate of the Victorian Branch	10,000	9,167
	<u>10,000</u>	<u>11,167</u>
k) 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>-</u>	<u>8,750</u>
l) The New South Wales Branch refunded surplus Branch QCPP Management funds to the National Secretariat	<u>350,038</u>	<u>-</u>
m) The National Secretariat received income from the following branches for the support and maintenance of the national membership database		
New South Wales	42,779	32,141
Victoria	26,595	20,570
Queensland	29,198	22,050
South Australia	10,545	7,880
Western Australia	16,818	12,230
	<u>125,935</u>	<u>94,871</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
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FOR YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 18 RELATED PARTY DISCLOSURES (Cont'd)		
n) The National Secretariat received income from the following branches for the development of the Community Pharmacy qualifications		
New South Wales	27,081	-
Victoria	17,440	-
Queensland	18,596	-
South Australia	6,646	-
Western Australia	10,361	-
Tasmania	2,414	-
Australian Capital Territory	1,341	-
Northern Territory	639	-
	<u>84,518</u>	<u>-</u>
o) The National Secretariat claimed insurance recoveries from Guild Insurance Ltd	<u>18,182</u>	<u>3,223</u>
p) The National Secretariat received income for the Pharmacy Medibank Trial from Guild Group Holdings Ltd	<u>27,280</u>	<u>-</u>
q) The National Secretariat has given subsidies to the following Branches to part fund their operations:		
Tasmania	(271,136)	(297,410)
Australian Capital Territory	(200,000)	(220,000)
Northern Territory	(203,320)	(209,593)
	<u>(674,456)</u>	<u>(727,003)</u>
No terms or conditions are attached to the financial support provided to these Branches.		
r) The National Secretariat made payments to the following branches for pharmacy service support		
New South Wales	(1,439,521)	(1,116,939)
Victoria	(941,244)	(747,695)
Queensland	(1,088,857)	(863,051)
South Australia	(382,724)	(318,208)
Western Australia	(484,043)	(387,269)
Tasmania	(209,555)	(177,296)
Australian Capital Territory	(169,032)	(136,773)
Northern Territory	(118,196)	(81,991)
	<u>(4,833,172)</u>	<u>(3,829,222)</u>
s) The National Secretariat paid the New South Wales Branch for Cold Chain expenses	<u>(319,700)</u>	<u>(211,500)</u>
t) The National Secretariat provided funds to the following branches for Membership Acquisition and Retention :		
New South Wales	(220,000)	-
Victoria	(15,000)	-
Western Australia	(80,092)	-
	<u>(315,092)</u>	<u>-</u>
u) Funds were provided to the following Branches to undertake projects		
New South Wales	(7,072)	-
Victoria	(1,582)	-
Queensland	(11,445)	-
South Australia	(1,533)	-
Western Australia	(3,252)	-
Tasmania	(3,781)	-
Australian Capital Territory	(2,464)	-
Northern Territory	(88,228)	(83,636)
	<u>(119,357)</u>	<u>(83,636)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
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	2017 \$	2016 \$
NOTE 18 RELATED PARTY DISCLOSURES (Cont'd)		
v) The National Secretariat purchased training materials from the New South Wales Branch	<u>(177,038)</u>	<u>-</u>
w) During the year rent was paid to the Victoria Branch	<u>(97,840)</u>	<u>(97,992)</u>
x) The National Secretariat paid legal fees to Meridian Lawyers Ltd, a subsidiary of Guild Group Holdings Ltd	<u>(442,685)</u>	<u>(801,951)</u>
y) Of the legal fees paid to Meridian Lawyers Ltd, a component was on-charged to the New South Wales Branch	<u>96,880</u>	<u>-</u>
z) Fees paid to GuildLink Pty Ltd for projects conducted during the year	<u>(569,560)</u>	<u>(326,466)</u>
aa) Intern Training Program costs were paid to the Queensland Branch	<u>(38,444)</u>	<u>(29,728)</u>
ab) The National Secretariat paid amounts to the Victoria branch for secretarial support	<u>(26,265)</u>	<u>(63,036)</u>
ac) The National Secretariat contributed to employee separation payments made by the New South Wales Branch	<u>(173,000)</u>	<u>-</u>
ad) Fees paid to Gold Cross Products and Services Pty Ltd for advertisement	<u>-</u>	<u>(4,500)</u>
ae) The National Secretariat made distributions to the following branches regarding Health Advice Plus income		
New South Wales	(6,770)	-
Victoria	(210)	-
Queensland	(12,798)	-
South Australia	(375)	-
Western Australia	(1,385)	-
Tasmania	(80)	-
Australian Capital Territory	(965)	-
	<u>(22,583)</u>	<u>-</u>
af) Fees for conference and seminars were paid to the following branches		
New South Wales	(173)	-
Queensland	(24,133)	(8,632)
	<u>(24,306)</u>	<u>(8,632)</u>
ag) Fees paid to Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd for corporate insurance premiums	<u>(45,312)</u>	<u>(40,805)</u>
ah) Fees paid to Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd for workers compensation insurance premiums	<u>(76,064)</u>	<u>(74,198)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017

NOTE 19 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) National Council

T. Battalis
 J.C. Dowling
 A. Galbraith
 T.J. Logan
 Z.L. Mullen
 N. Panayiaris
 A. Pricolo
 G. Tambassis
 A. Tassone
 T. Twomey
 I.P. Todd
 S. Wragg
 M. Douglass (resigned 1 January 2017)
 D. Leahy (resigned 1 January 2017)
 P.G. Sinclair (resigned 1 January 2017)
 G. Ward (resigned 3 October 2016)
 R.P. Samimi (appointed 1 January 2017)
 M.S. Barone (appointed 1 January 2017)
 D.M. Heffernan (appointed 1 January 2017)
 J.M. O'Malley (appointed 31 October 2016)

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

Short-term employee benefits	2,263,980	1,948,379
Post employment benefits	219,361	201,485
Other long-term benefits	56,761	(1,319)
Termination benefits	-	-
Total compensation	<u>2,540,102</u>	<u>2,148,545</u>

NOTE 20 COMMITMENTS

The National Secretariat has committed to financially support the Tasmanian, Australian Capital Territory and Northern Territory Branches in the year ending 30 June 2018 by funding deficits of the relevant branches up to maximum of \$818,000 in total.

NOTE 21 EVENTS AFTER THE BALANCE SHEET DATE

On 30 August 2017, the directors of Guild Group Holdings Limited declared a dividend on ordinary shares in respect of the 2017 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 2017**

NOTE 22 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:

	2017 \$	2016 \$
Financial Assets		
Cash and short-term deposits	29,751,652	41,999,085
Other financial assets (current)	15,000,000	12,000,000
Amounts receivable from controlled entities:		
GuildLink Pty Ltd	1,600,000	950,000
Guild Group Holdings Limited	16,840,000	16,840,000
	<u>63,191,652</u>	<u>71,789,085</u>

At 30 June 2017, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the net surplus would have been affected as follows:

	Net Surplus Higher / (Lower) 2017 \$	Net Surplus Higher / (Lower) 2016 \$
Judgments of reasonably possible movements:		
+ 1% (100 basis points)	535,995	506,465
- 1% (100 basis points)	(535,995)	(506,465)

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 2017**

NOTE 22 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 (2016: \$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	2017 \$	2016 \$
Cash and short-term deposits	7	29,751,652	41,999,085
Trade and other receivables (current)	8	24,404,782	15,987,962
Other financial assets (current)	9	15,000,000	12,000,000
Other financial assets (non-current)	11	5,586,260	5,586,260
Loans and receivables (non-current)	11	18,931,580	18,281,580
		93,674,274	93,854,887

(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 2017	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
Financial Assets					
Cash and short-term deposits	29,751,652	-	-	-	29,751,652
Other financial assets (current)	15,000,000	-	-	-	15,000,000
Trade & other receivables	24,404,782	-	-	18,931,580	43,336,362
	69,156,434	-	-	18,931,580	88,088,014
Financial Liabilities					
Trade & other payables	14,767,273	-	-	-	14,767,273
Government grants and project funds held	18,625,263	-	-	-	18,625,263
	33,392,536	-	-	-	33,392,536
Net	35,763,898	-	-	18,931,580	54,695,478
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
	69,987,047	-	-	18,281,580	88,268,627
Financial Liabilities					
Trade & other payables	19,051,987	-	-	-	19,051,987
Government grants and project funds held	15,460,151	-	-	-	15,460,151
	34,512,138	-	-	-	34,512,138
Net	35,474,909	-	-	18,281,580	53,756,489

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2017**

NOTE 23 AUDITOR REMUNERATION

Remuneration to auditors		
Audit fees	60,312	58,556
Other assurance services	65,695	54,332
QCPP assessments	3,120,243	-
Other non-assurance services	215,110	-
	<u>3,461,360</u>	<u>112,888</u>

NOTE 24 MISCELLANEOUS DISCLOSURES

- (i) The National Secretariat is not reliant upon other reporting units in order to continue as a going concern.
- (ii) The National Secretariat has not acquired an asset or liability during the financial year as a result of:
 - (a) an amalgamation under Part 2 of Chapter 3 of the RO Act;
 - (b) a restructure of the branches of the organisation;
 - (c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
 - (d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).
- (iii) The National Secretariat has not received any financial support from the branches of the organisation.

Independent Auditor's Report to the Members of The Pharmacy Guild of Australia

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Pharmacy Guild of Australia (the Reporting Unit), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2017, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of The Pharmacy Guild of Australia as at 30 June 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The National Councillors are responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

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

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

Responsibilities of the National Councillors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the National Councillors.

- Conclude on the appropriateness of the National Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

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

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



Ernst & Young



Anthony Ewan

Partner

Canberra

13 October 2017

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/172



8 August 2017

Mr David Quilty
Executive Director
Pharmacy Guild of Australia, The
By Email: guild.nat@guild.org.au

Dear Mr Quilty,

**Re: Lodgement of Financial Report - [FR2017/222]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Pharmacy Guild of Australia, The (the reporting unit) ended on 30 June 2017. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO act requires this statement to be lodged with Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2017.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2017 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find below a guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

Michael Moutevelis

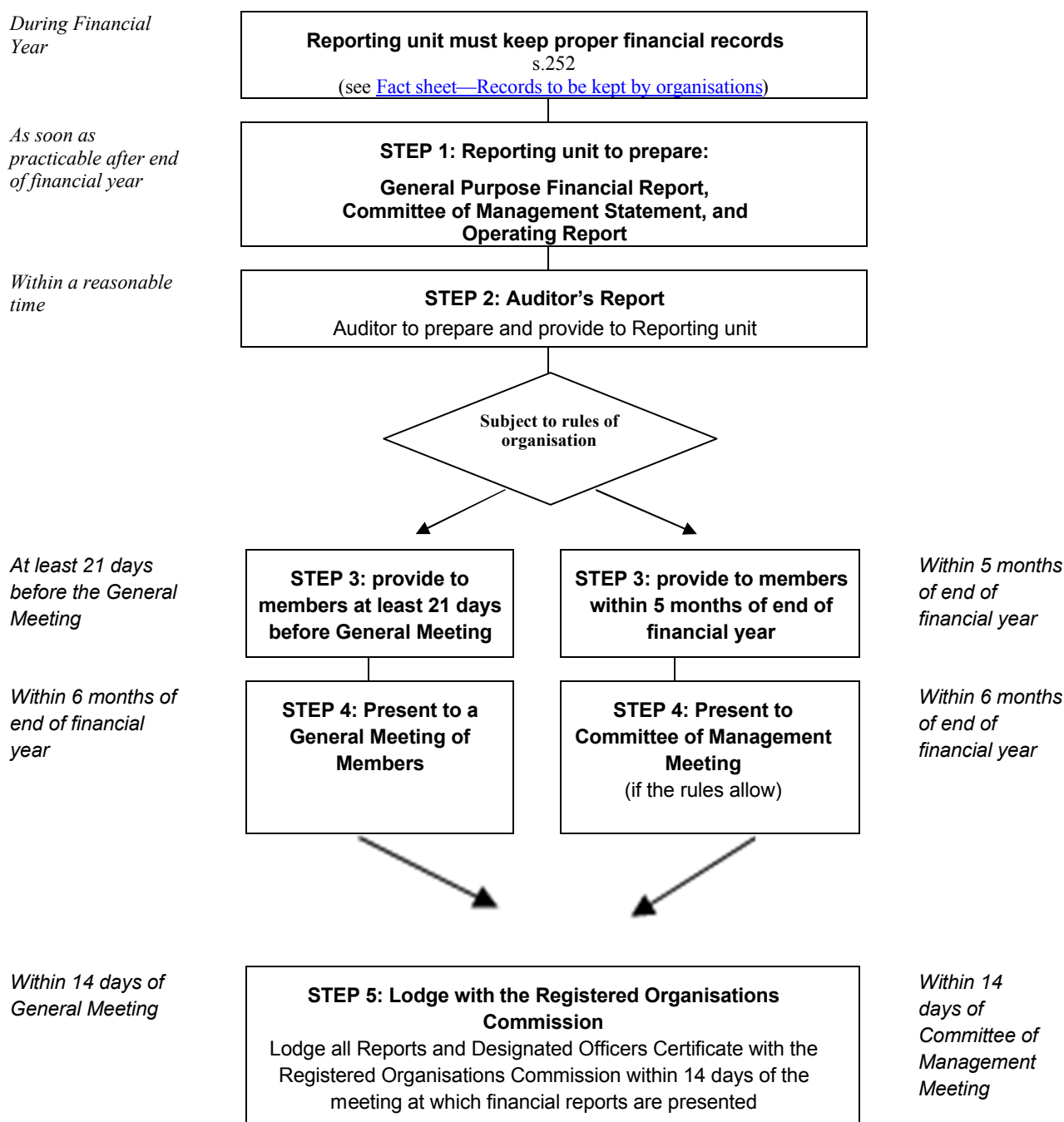
Registered Organisations Commission



Fact sheet

Summary of financial reporting timelines – s.253 financial reports

See Fact sheet—Financial reporting for an explanation of each of these steps.





Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:





- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*



*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.

	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
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Grants & Donations within the Financial Report

Item 16(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants ~~OR~~ donations*

Grants:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au



Guidance Note

Illustrative Auditor's Report under section 257 of the *Fair Work (Registered Organisations) Act 2009*

Prepared and issued by the Registered Organisations Commission

Version	Date published
1	4 August 2017

1. Introduction

The purpose of this guidance note is to provide Registered Organisations with guidance on the revised Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* (ASA 700), as issued by the Auditing and Assurance Standards Board ('AUASB').

An 'Illustrative Auditor's Report' is included to assist Registered Organisations to understand the new auditing requirements.

2. Background to the revised Auditing Standard

From 15 December 2016, the structure of the Auditor's Report changed as a result of revisions made to the Australian Auditing Standards (ASAs). The changes impact all auditors' reports prepared in accordance with the ASAs.

The purpose of the change is to:

- enhance the communicative value of the Auditor's Report;
- give prominence to the most important matters by re-ordering the content;
- enhance reporting on going concern matters (if applicable), and provide enhanced descriptions of the respective responsibilities of management and the auditor, in relation to going concern;
- provide an affirmative statement on auditor's independence and fulfilment of relevant ethical responsibilities;
- provide more information to users on the auditor's responsibilities, and the key features of an audit and;
- provide details of other information the auditor has received at the date of the Auditor's Report, and is expected to receive after the date of the Auditor's Report¹.

3. Key changes included in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Structure of the auditor's report	ASA 700.21-52	The form and structure of the audit report have been reorganised due to changes in the Australian Auditing Standards.
Basis for opinion	ASA 700.28c	Requires references in the audit report to the applicable ethical standards e.g. APES 110 <i>Code of Ethics for Professional Accountants</i> .
Other information	ASA 700.32 ASA 720	ASA 720 now requires that the auditor 'read and consider' if the Other Information (including but not limited to the Operating Report) is materially inconsistent with the financial statements, or the auditor's knowledge obtained in the audit.
Committee of Management's responsibilities for the preparation of the financial report	ASA 700.33-36	ASA 700.34b has been added to reflect changes made in ASA 570. The changes emphasise that it is management's responsibility for assessing whether the use of the going concern assumption is appropriate. The auditors' roles and responsibilities related to going concern have not changed.
Auditor's responsibilities for the audit of the financial report	ASA 700.37-40	These paragraphs have been expanded to clarify the detailed nature and scope of the auditor's existing responsibilities and procedures, and to make an explicit relationship of material misstatements to fraud or error.
Report on other legal and	ASA 700.43-45	This section is only applicable if there are other matters to report as required by other legislation.

¹ Adapted from 'Auditor Reporting FAQs' – Auditing and Assurance Standards Board - <http://www.auasb.gov.au/Publications/Auditor-Reporting-FAQs.aspx>

Description	Auditing standard ref.	Comments
regulatory requirements		<p>Under sections 257(6) and (7) of the <i>Fair Work (Registered Organisations) Act 2009</i> ('RO Act'), the auditor is required to report on any instances of non-compliance or deficiency or shortcoming with respect to financial record-keeping, and section 257(2) of the RO Act requires auditors to report on access restrictions to the financial records of the organisation.</p> <p>This section is not required if there are no matters to report.</p>

4. Key changes not reflected in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Key Audit Matters	ASA 700.30-31, A41 ASA 701	<p>ASA 701 provides additional disclosures for entities listed on a securities exchange to communicate key audit matters ('KAMs') in the auditor's report. KAMs are those matters that, in the auditor's judgement, are of most significance to the audit of the financial statements of the current financial period.</p> <p>At this point in time, the ROC does not require the inclusion of KAMs.</p>

The numbered references in the Illustrative Auditor's Report refer to the explanatory paragraphs in section 5 of this Guidance Note 'Illustrative Auditor's Notes'. The Illustrative Auditor's Report is also included in the 'Model Financial Statements' published on the Registered Organisations Commission's website.

<To be printed on Auditor letterhead>

Independent Audit Report to the Members of <name of Reporting Unit>

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of <name of Reporting Unit> (the Reporting Unit), which comprises the statement of financial position² as at <balance date>, the statement of comprehensive income³, statement of changes in equity⁴ and statement of cash flows⁵ for the year ended <date>, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management⁶ Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of <name of Reporting Unit> as at <balance date>, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Financial Report and Auditor's Report Thereon⁷

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

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

² Refer to paragraph 9 in Section 5 Illustrative Auditor's Report Notes in this Guidance Note

³ Ibid paragraph 9

⁴ Ibid paragraph 9

⁵ Ibid paragraph 9

⁶ Ibid paragraph 10; note if this is changed to another descriptor all other references in the Report should be changed to the other descriptor

⁷ Ibid paragraph 7

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

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor, a member of [name of appropriate professional accounting body] and hold a current Public Practice Certificate.

[Report on Other Legal and Regulatory Requirements]⁸

[In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

My opinion on the financial report is not modified in respect of the following matter(s) because, in my opinion, it has been appropriately addressed by [Reporting Unit] and is not considered material in the context of the audit of the financial report as a whole:

[Example:

a) [Reporting Unit] failed to keep [name of other record] as required by section 252 of the RO Act for the period 1 July 20XX to 4 July 20XX inclusive.]]

[Report on the Recovery of Wages Activity financial report]⁹

Opinion on the recovery of wages activity financial report

The scope of my work extended to the recovery of wages activity and I have audited the recovery of wages activity financial report for the year ended <date>.

In my opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:

- (a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- (b) any donations or other contributions deducted from recovered money.

Responsibilities

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. My responsibility is to express an opinion on the recovery of wages activity financial report, based on my audit conducted in accordance with Australian Auditing Standards.

<Audit Firm Name>

<Name>

Partner

⁸ Ibid paragraph 11

⁹ Ibid paragraph 11

<City>
<Date>

Registration number (as registered by the RO Commissioner under the RO Act)¹⁰: <insert number>

¹⁰ Ibid paragraph 12

5. Illustrative Auditor's Report Notes

For the purpose of this illustrative Auditor's Report, the following circumstances are assumed:

1. The financial report is prepared by management of the Reporting Unit in accordance with Australian Accounting Standards and the RO Act.
2. The terms of the audit engagement reflect the description of management's responsibility for the financial report in *ASA 210 Agreeing the Terms of Audit Engagements*.
3. The auditor has concluded an unmodified opinion is appropriate based on the audit evidence obtained.
4. The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
5. Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with *ASA 570 Going Concern*.
6. The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with *ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report*.
7. The section on 'Information Other than the Financial Report and Auditor's Report Thereon' is customised depending on the nature of the Other Information received and when this information was received. The template provided assumes that the nature of the Other Information is the Operating Report and that it was received on or before the date of the audit report. If there is Other Information that accompanies the financial report in addition to the Operating Report, or if the Operating Report or any additional Other Information was not received on or before the date of the audit report, please refer to the requirements stated in *ASA 720 The Auditor's Responsibilities Relating to Other Information* for example wording.
8. The subheading 'Report on Other Legal and Regulatory Requirements' is only applicable where the auditor includes 'Other reporting responsibilities' in accordance with *ASA 700 Forming an Opinion and Reporting on a Financial Report*. Please delete the 'Report on Other Legal and Regulatory Requirements' section if there is no deficiency, failure or shortcoming to report.
9. Please ensure that the financial statement descriptions used in the Auditor's Report agree with those used in the financial report, for example, 'balance sheet' or 'statement of financial position'.
10. Use of 'Committee of Management' in the model auditor's report represents those charged with governance for the registered organisation, and can be replaced with other descriptors as appropriate for the organisation, for example, 'Council of Management', 'Executive Committee', etc.
11. If the Registered Organisation has not undertaken any recovery of wages activity during the reporting period the auditor's report should state that fact with reference

to the Committee of Management Statement, and no opinion can be provided in relation to recovery of wages activity.

12. Auditors must be registered by the Registered Organisations Commissioner. Your registration number under the RO Act will commence with the letters 'AA'.

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This guidance note is not intended to be comprehensive. It is designed to assist with making an application to the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.