



16 January 2019

Mr John Dowling
National Vice President
Pharmacy Guild of Australia

By e-mail: guild.nat@guild.org.au

Dear Mr Dowling

Pharmacy Guild of Australia
Financial Report for the year ended 30 June 2018 - FR2018/218

I acknowledge receipt of the financial report for the year ended 30 June 2018 for the Pharmacy Guild of Australia (PGA). The financial report was lodged with the Registered Organisations Commission (ROC) on 29 November 2018.

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

Whilst the 2018 report has been filed the following should be addressed in the preparation of the next financial report.

1. Committee of management statement

Reference to s.272 & s.273

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, with effect from 1 May 2017, section 272 refers to Commissioner of the ROC instead of the General Manager, Fair Work Commission. However, section 273 continues to refer to the Fair Work Commission (FWC).

The PGA committee of management statement, at reference (e)(vi), refers to the 'Registered Organisations Commission'. In future, please ensure that this reference is to the 'Fair Work Commission'.

2. General Purpose Financial Report (GPFR)

Reporting guideline activities – not disclosed

Reporting guideline 21 states that if any activity described within items 10-20 of the reporting guidelines has not occurred in the reporting period, a statement to this effect must be included in the GPFR or in an officer's declaration statement.

The notes contained nil activity information for all prescribed reporting guideline categories except the following:

- Item 13(a) – receive periodic or membership subscriptions (Please note that Note 5 ‘Membership subscription ex branches’ discloses capitation fees as required by reporting guideline 13(b))
- Item 20 - make a payment to a former related party of the reporting unit

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Morgan', with a stylized flourish at the end.

KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission



The Pharmacy
Guild of Australia



The Pharmacy Guild of Australia – National Secretariat

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
For the Year Ended 30 June 2018**

In accordance with section 268 of the *Fair Work (Registered Organisations) Act 2009*

I John Christopher Dowling being the National Vice President (Finance) of the Pharmacy Guild of Australia certify that:

1. The documents lodged herewith are copies of the full report for the Pharmacy Guild of Australia – National Secretariat for the period ended 30 June 2018 referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
2. The full report was provided to members of the reporting unit on 5 November 2018; and
3. The full report was presented to a meeting of the National Council of the Pharmacy Guild of Australia on 27 November 2018 in accordance with s266 of the *Fair Work (Registered Organisations) Act 2009*.

John Christopher Dowling
National Vice President (Finance)
29 November 2018

National Secretariat

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The Pharmacy Guild of Australia National Secretariat

**Financial Report
For the Year Ended 30 June 2018**

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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 2018 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 2018 to which this report relates the number of members of the organisation was 3,766.
- (ii) As at 30 June 2018 the total number of employees employed by the reporting entity was 110.
- (iii) During the financial year ended 30 June 2018 the following persons were members of National Council for the whole period, unless otherwise stated:

A. Tassone	N. Willis (appointed 28 November 2017)
D. Heffernan	P. Jones (appointed 28 November 2017)
G. Tambassis	S. Blacker (appointed 28 November 2017)
J.C. Dowling	A. Galbraith (resigned 28 November 2017)
N. Panayiaris	A. Pricolo (resigned 28 November 2017)
T. Battalis	I.P. Todd (resigned 28 November 2017)
T. Twomey	J O'Malley (resigned 28 November 2017)
A. Doan (appointed 28 November 2017)	M. Barone (resigned 28 November 2017)
C. Bronger (appointed 28 November 2017)	R. Samimi (resigned 28 November 2017)
C. Owen (appointed 28 November 2017)	S. Wragg (resigned 15 March 2018)
G. Chong (appointed 28 November 2017)	T.J. Logan (resigned 28 November 2017)
H. O'Byrne (appointed 28 November 2017)	Z.L. Mullen (resigned 28 November 2017)

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:

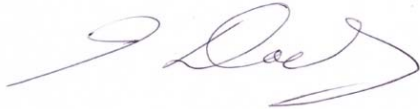
J.C. Dowling

T.J. Logan (resigned 7 March 2018)

I.P. Todd (resigned 7 March 2018)

T. Twomey (appointed 8 March 2018)

N. Panayiaris (appointed 8 March 2018)



JOHN CHRISTOPHER DOWLING

16 October 2018

**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 16 October 2018 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 2018 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2018;
- (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; and
 - (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.



GEORGE TAMBASSIS
16 October 2018



JOHN CHRISTOPHER DOWLING
16 October 2018

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 \$	2017 \$
Income			
Revenue from rendering of services	5	25,011,821	25,490,772
Other revenue	5	9,447,665	8,048,453
Other income	5	178,323,724	154,383,269
		<u>212,783,210</u>	<u>187,922,494</u>
Expenses			
Remuneration and employee benefits expense	6	(13,577,597)	(12,560,557)
Depreciation and amortisation	6	(811,489)	(1,058,829)
Write-down and impairment of assets	6	(4,399,244)	-
Other expenses	6	(195,174,733)	(172,456,656)
		<u>(213,963,063)</u>	<u>(186,076,042)</u>
Net surplus / (deficit)		<u>(1,179,853)</u>	<u>1,846,452</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>(1,179,853)</u>	<u>1,846,452</u>
Total comprehensive income attributable to the members of the Pharmacy Guild of Australia:		<u>(1,179,853)</u>	<u>1,846,452</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 2018**

	NOTE	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and short-term deposits	7	51,663,852	29,751,652
Trade and other receivables	8	4,875,172	24,404,782
Assets held for sale	9	1	-
Other financial assets	10	15,000,000	15,000,000
Other current assets	11	468,746	558,417
Total current assets		<u>72,007,771</u>	<u>69,714,851</u>
Non-current assets			
Other financial assets	12	5,586,259	5,586,260
Loans and receivables	12	17,401,580	18,931,580
Property, plant and equipment	13	491,292	474,140
Intangible assets	14	1,289,079	1,178,293
Total non-current assets		<u>24,768,210</u>	<u>26,170,273</u>
TOTAL ASSETS		<u>96,775,981</u>	<u>95,885,124</u>
LIABILITIES			
Current liabilities			
Trade and other payables	15	15,425,091	14,767,273
Government grants and project funds held		19,597,273	18,625,263
Deferred income		488,816	254,676
Employee benefit liabilities	16	2,142,834	1,935,206
Total current liabilities		<u>37,654,014</u>	<u>35,582,418</u>
Non-current liabilities			
Employee benefit liabilities	16	253,561	254,447
Total non-current liabilities		<u>253,561</u>	<u>254,447</u>
TOTAL LIABILITIES		<u>37,907,575</u>	<u>35,836,865</u>
NET ASSETS		<u>58,868,406</u>	<u>60,048,259</u>
MEMBERS FUNDS			
Reserves	17(a)	4,224,559	3,655,236
Accumulated funds	17(b)	54,643,847	56,393,023
		<u>58,868,406</u>	<u>60,048,259</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 2018**

	NOTE	Accumulated Funds \$	National Fighting Fund Reserve \$	Total Equity \$
Balance as at 30 June 2016	17	53,923,062	4,278,745	58,201,807
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		<u>623,509</u>	<u>(623,509)</u>	-
Balance as at 30 June 2017	17	<u>56,393,023</u>	<u>3,655,236</u>	<u>60,048,259</u>
Net deficit for the period		(1,179,853)	-	(1,179,853)
Other comprehensive income		-	-	-
Total comprehensive income		<u>(1,179,853)</u>	<u>-</u>	<u>(1,179,853)</u>
Transfers to National Fighting Fund reserve from accumulated funds		<u>(569,323)</u>	<u>569,323</u>	-
Balance as at 30 June 2018	17	<u>54,643,847</u>	<u>4,224,559</u>	<u>58,868,406</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 2018**

	NOTE	2018 \$	2017 \$
Operating activities			
Receipts from operations		34,401,160	31,735,256
Interest received		1,901,106	1,919,591
Dividends received		3,000,000	3,000,000
Government grants and project funds received		199,765,879	153,065,276
Payments to suppliers and employees		<u>(213,347,275)</u>	<u>(197,490,569)</u>
Net cash flows from / (used in) operating activities	7(b)	<u>25,720,870</u>	<u>(7,770,446)</u>
Investing activities			
Purchase of property, plant and equipment		(231,277)	(80,349)
Purchase of intangible assets		(708,149)	(746,638)
Purchase of financial instruments		-	(3,000,000)
Loan to GuildLink Pty Ltd		(1,933,621)	(650,000)
Loan repayment by GuildLink Pty Ltd		783,621	-
Loan to members		(70,000)	-
Purchase of shares in GuildLink Pty Ltd		<u>(1,649,244)</u>	<u>-</u>
Net cash flows used in investing activities		<u>(3,808,670)</u>	<u>(4,476,987)</u>
Net increase / (decrease) in cash and cash equivalents		21,912,200	(12,247,433)
Cash and cash equivalents at beginning of period		<u>29,751,652</u>	<u>41,999,085</u>
Cash and cash equivalents at end of period	7	<u><u>51,663,852</u></u>	<u><u>29,751,652</u></u>

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

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
Categories of expenditures		
Remuneration, and other employment-related costs and expenses, in respect of employees	13,577,597	12,560,557
Advertising	1,151,781	872,365
Operating costs	2,409,256	2,462,753
Donations to political parties	106,000	114,859
Legal costs	1,411,590	645,355

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018**

NOTE 1 ORGANISATIONAL INFORMATION

The financial statements of The Pharmacy Guild of Australia - National Secretariat (the Guild) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution passed by the National Council on 16 October 2018.

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 12 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 2016-4	<i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	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	1 July 2017

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018**

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

b) Statement of compliance (cont'd)

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Guild for the annual reporting period ended 30 June 2018. These are outlined below.

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 9, and relevant amending standards	<i>Financial Instruments</i>	<p>AASB 9 replaces AASB 139 <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>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 (FVTPL), transaction costs.</p> <p>Debt instruments are subsequently measured at 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.</p> <p>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.</p> <p>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.</p> <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> <p>The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.</p>	1 January 2018	The Guild is in the process of determining the extent of the impact of the amendments.	1 July 2018

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018**

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

b) Statement of compliance (cont'd)

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 15, 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 <i>Leases</i> (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 is in the process of determining the extent of the impact of the amendments.	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). 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> <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>	1 January 2019	The Guild is in the process of determining the extent of the impact of the amendments.	1 July 2019

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018**

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 1058	<i>Income of Not-for-Profit Entities</i>	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. 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.	1 January 2019	The Guild is in the process of determining the extent of the impact of the amendments.	1 July 2019
AASB 2016-8	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities</i>	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.			

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.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

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

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.

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.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

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

h) Taxes

Income taxes

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

Goods and Services Tax (GST)

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

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

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

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

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

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.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018**

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

j) Intangible assets (cont'd)

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Research and development costs

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

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

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

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

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

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.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

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

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

Subsequent measurement

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

i) Loans and receivables

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

Derecognition

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

- The rights to receive cash flows from the asset have expired; or
- The Guild has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" 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 PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

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

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

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

ii) Financial assets carried at cost

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

l) Impairment of non-financial assets

The Guild assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Guild estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash 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 current 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 PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

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

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

The following assets have specific characteristics for impairment testing:

Intangible assets

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

m) Trade and other payables

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

n) Provisions and employee benefits

General

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

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

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

o) Current versus non-current classification (cont'd)

A liability is current when:

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

The Guild classifies all other liabilities as non-current.

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

a) Long service leave provision

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

b) Estimation of useful lives of assets

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

c) Impairment of assets

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

NOTE 4 INFORMATION TO BE PROVIDED TO MEMBERS OR 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 2018

	2018	2017
	\$	\$
NOTE 5 INCOME		
Revenue from rendering of services		
Membership subscriptions ex branches (capitation fee)	3,916,760	6,116,112
Fighting fund income from other corporations	42,750	51,388
Levies (compulsory or voluntary)	-	-
Quality Care Pharmacy Program (QCPP) income:		
Accreditation fees	10,553,887	10,163,862
Assessment fees	1,825,920	2,465,162
Sale of QCPP related items	886	1,036
Administration of government programs	7,791,748	5,969,417
Training module development and hosting	619,651	420,502
Conference income	61,820	-
Pharmacy resource tools	198,399	303,293
	<u>25,011,821</u>	<u>25,490,772</u>
 Component of capitation fee allocated to the Fighting Fund	 <u>1,468,595</u>	 <u>1,777,264</u>
Other Revenue		
Interest received:		
Controlled entities	1,058,873	1,032,451
Other corporations	860,176	915,566
Commissions from controlled entity	1,196,109	911,426
Dividend income from controlled entity	3,000,000	3,000,000
Referral fees from controlled entity	3,332,507	2,189,010
	<u>9,447,665</u>	<u>8,048,453</u>
Other income		
Contributions for project work	856,165	150,000
Donations received	-	-
Government grants and project funds	176,392,125	153,065,575
Recovery of wages activity	-	-
Sponsorship income	304,249	390,092
Other income	771,185	777,602
	<u>178,323,724</u>	<u>154,383,269</u>
	<u><u>212,783,210</u></u>	<u><u>187,922,494</u></u>
NOTE 6 EXPENSES		
Remuneration and employee benefits expense		
Wages and salaries - officers	794,364	750,063
Wages and salaries - employees (other than officers)	10,203,401	9,284,732
Superannuation - officers	62,316	59,534
Superannuation - employees (other than officers)	1,170,009	1,068,085
Provision for annual leave - officers	(10,896)	30,111
Provision for annual leave - employees (other than officers)	174,129	109,326
Provision for long service leave - officers	23,625	7,730
Provision for long service leave - employees (other than officers)	171,448	151,620
Separation and redundancies - officers	-	-
Separation and redundancies - employees (other than officers)	92,682	270,566
Other on-costs (payroll tax and workers compensation expenses)	896,519	828,790
Total remuneration and employee benefits expense	<u>13,577,597</u>	<u>12,560,557</u>
Depreciation and amortisation		
Depreciation	214,126	228,020
Amortisation of intangible assets	597,363	830,809
	<u>811,489</u>	<u>1,058,829</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 6 EXPENSES (cont'd)		
Write-down and impairment of assets		
Debt forgiveness	2,750,000	-
Impairment loss on non-current asset held for sale	1,649,244	-
Total write-down and impairment of assets	4,399,244	-
Other expenses		
Administrative expenses	814,517	800,135
Affiliation fees (a)	79,669	99,765
Audit fees	128,972	126,007
Bank fees	67,302	76,965
Branch funding - membership acquisition and retention	-	315,092
Branch funding - membership subscription balancing adjustment	166,000	-
Branch funding - pharmacy service support	4,140,116	4,833,172
Campaign expenses	729,619	769,466
Capitation fee	-	-
Cold chain expenses	192,200	319,700
Communication and marketing	422,162	102,899
Compulsory levies	-	-
Conference management	135,586	-
Consideration for employers making payroll deductions of membership subscriptions	-	-
Consultants expenses	2,859,361	3,199,516
Donations and grants (b)	138,322	133,186
E-learning and training material expenses	138,827	355,188
Government grant expenses and program payments	176,188,188	152,902,296
Government program external administration costs	277,412	277,222
Legal expenses - litigation	-	-
Legal expenses - other legal matters	1,411,590	645,355
Loss on disposal of fixed assets	-	77
Meeting & conference - fees/allowances (excluding employee remuneration)	-	-
Meeting expenses:		
National Council	171,817	298,391
Committee expenses	104,441	125,795
Other meeting expenses	158,387	135,012
National membership database	107,038	130,254
Penalties imposed under the RO Act and the <i>Fair Work Act 2009</i>	-	-
QCPP assessment expenses	2,679,904	3,120,243
Rent paid (minimum lease payments - operating lease)	974,984	947,504
Special projects	292,288	189,102
Standards materials expenses	8,924	-
Subsidies to branches	896,632	674,456
Travel expenses (local and overseas)	445,415	507,895
Other expenses	1,445,060	1,371,963
Total other expenses	195,174,733	172,456,656
(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	55,018	53,406
Council of Small Business of Australia	9,000	9,000
International Pharmaceutical Federation	-	30,840
World Pharmacy Council	15,651	6,519
	79,669	99,765
(b) Grants or donations paid:		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	8,619	4,391
Total paid that exceeded \$1,000	129,703	128,795
	138,322	133,186

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 7 CASH AND SHORT-TERM DEPOSITS		
Guild cash		
Cash at bank and on hand	11,351,956	11,741,138
Short-term deposits	9,500,000	9,500,000
Guild cash at bank, on hand and short-term deposits	<u>20,851,956</u>	<u>21,241,138</u>
Cash held in trust		
Cash at bank held in trust (a)	<u>30,811,896</u>	<u>8,510,514</u>
Total cash and short-term deposits	<u>51,663,852</u>	<u>29,751,652</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	42,163,852	20,251,652
Short-term deposits	9,500,000	9,500,000
Cash at bank and on hand	<u>51,663,852</u>	<u>29,751,652</u>

Reconciliation of operating surplus to net cash flows from operations:

Operating surplus / (deficit)	(1,179,853)	1,846,452
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	214,126	228,020
Amortisation of intangible assets	597,363	830,809
Net loss on disposal of fixed assets	-	77
Impairment loss on non-current asset held for sale	1,649,244	-
Debt forgiveness	2,750,000	-
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in trade and other receivables	19,529,610	(8,416,820)
(Increase) / decrease in other current assets	89,671	(40,179)
Increase / (decrease) in trade and other payables	639,763	(4,226,703)
Increase in employee benefit liabilities	206,742	96,813
Increase / (decrease) in deferred income	234,140	(1,196,016)
Increase / (decrease) in net GST payable	18,054	(58,011)
Increase in government grants and project funds	972,010	3,165,112
Net cash flows from / (used in) operating activities	<u>25,720,870</u>	<u>(7,770,446)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 7 CASH AND SHORT-TERM DEPOSITS (cont'd)		
(c) Related party operating cash flows		
Cash inflows		
Branches:		
New South Wales	1,857,610	2,337,326.00
Victoria	943,367	1,432,599.00
Queensland	1,049,479	1,449,397.00
South Australia	357,051	536,744.00
Western Australia	583,736	922,968.00
Tasmania	188,911	272,774.00
Australian Capital Territory	116,275	162,806.00
Northern Territory	70,346	92,125.00
Other related parties:		
Gold Cross Products and Services Pty Ltd	1,743,846	1,097,325.00
GuildLink Pty Ltd	153,161	119,928.00
Guild Group Holdings Limited	3,957,570	4,080,740.00
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	3,504,706	2,337,678.00
Guild Financial Services Ltd, a subsidiary of Guild Group Holdings Ltd	5,500	6,891.00
Meridian Lawyers Ltd, a subsidiary of Guild Group Holdings Ltd	110	-
Fred Health Pty Ltd, an associate of the Victoria Branch	15,500	13,250.00
Total related party cash inflows from operating activities	<u>14,547,168</u>	<u>14,862,551</u>
Cash outflows		
Branches:		
New South Wales	(2,042,112)	(1,702,837)
Victoria	(985,357)	(1,215,478)
Queensland	(1,104,837)	(1,325,858)
South Australia	(427,543)	(435,226)
Western Australia	(554,001)	(637,205)
Tasmania	(617,742)	(633,569)
Australian Capital Territory	(543,018)	(380,796)
Northern Territory	(377,360)	(471,886)
Other related parties		
Gold Cross Products and Services Pty Ltd	(14,855)	(13,425)
GuildLink Pty Ltd	(288,935)	(573,500)
Guild Group Holdings Limited	(20,000)	(58,738)
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	(64,267)	(170,520)
Meridian Lawyers Ltd, a subsidiary of Guild Group Holdings Ltd	(866,347)	(505,735)
Guild Properties (VIC) Unit trust, a subsidiary of the Victoria Branch	(62,327)	-
Fred Health Pty Ltd	(15,500)	-
Total related party cash outflows used in operating activities	<u>(7,984,201)</u>	<u>(8,124,773)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade and other receivables	2,994,425	22,622,926
Allowance for impairment loss	-	-
	<u>2,994,425</u>	<u>22,622,926</u>
Amounts receivable from related entities:		
Branch debtors	275,595	260,482
Gold Cross Products and Services Pty Limited	366,005	479,716
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	1,211,730	1,031,342
GuildLink Pty Ltd	27,417	10,316
Carrying amount of trade and other receivables	<u><u>4,875,172</u></u>	<u><u>24,404,782</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	4,761,652	23,915,832
31-60 days	103,620	146,141
61-90 days	9,020	340,081
> 90 days, past due not impaired	880	2,728
> 90 days, considered impaired	-	-
Total	<u><u>4,875,172</u></u>	<u><u>24,404,782</u></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	159,116	139,416
Victoria	51,017	62,672
Queensland	37,269	31,779
South Australia	6,585	11,647
Western Australia	13,680	1,168
Tasmania	1,674	5,580
Australian Capital Territory	3,234	3,496
Northern Territory	3,020	4,724
	<u>275,595</u>	<u>260,482</u>
Allowance for impairment loss	-	-
	<u><u>275,595</u></u>	<u><u>260,482</u></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 2018, the Guild has not made any allowance for impairment losses relating to amounts owed by related parties as the payment history has been sound (2017: \$nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Guild recognises an allowance for the impairment loss.

(c) Fair values

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
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	2018 \$	2017 \$
NOTE 9 ASSETS HELD FOR SALE (CURRENT)		
Ordinary shares held in GuildLink Pty Ltd (2018: 100%)	<u>1</u>	<u>-</u>
1,325,073 ordinary shares held in GuildLink Pty Ltd were sold to Guild Group Holdings Ltd on 1 July 2018 for the price of \$1. The cost of these shares was \$1,649,245, which results in an impairment loss of \$1,649,244.		
NOTE 10 OTHER FINANCIAL ASSETS (CURRENT)		
Term deposits	<u>15,000,000</u>	<u>15,000,000</u>
	<u>15,000,000</u>	<u>15,000,000</u>
Term deposits are made for varying periods of between six and eleven months, and earn interest at the respective term deposit rates.		
NOTE 11 OTHER CURRENT ASSETS (CURRENT)		
Prepayments	<u>468,746</u>	<u>558,417</u>
	<u>468,746</u>	<u>558,417</u>
NOTE 12 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 (2018: 100%, 2017: 100%)	18	18
Guild Group Holdings Limited		
3,585,434 ordinary shares at \$1 per share (2018: 100%, 2017: 100%)	3,585,434	3,585,434
20,000 ordinary shares at \$100 per share (2018: 100%, 2017: 100%)	2,000,000	2,000,000
Gold Cross Products and Services Pty Ltd		
402 ordinary shares (2018: 100%, 2017: 100%)	804	804
National Pharmacy Television Pty Limited		
1 ordinary share (2018: 100%, 2017: 100%)	1	1
GuildLink Pty Ltd		
1 Ordinary share (2017: 100%)	-	1
The investment in GuildLink Pty Ltd has been re-classified to Note 9 'Assets Held for Sale (Current)' at 30 June 2018 due to the sale of the ordinary shares to Guild Group Holdings Ltd on 1 July 2018.		
	<u>5,586,257</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 (2018: 50%, 2017: 50%)	2	2
Total other financial assets	<u>5,586,259</u>	<u>5,586,260</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 12 OTHER FINANCIAL ASSETS AND RECEIVABLES (NON-CURRENT) (Cont'd)		
Loans and receivables		
Unsecured loans to jointly controlled entity:		
Australian Association of Consultant Pharmacy Pty Limited	80,000	80,000
Unsecured loans to controlled entities:		
Gold Cross Products and Services Pty Ltd	411,580	411,580
GuildLink Pty Ltd	-	1,600,000
	<u>411,580</u>	<u>2,011,580</u>
Unsecured promissory notes (controlled entities):		
Guild Group Holdings Limited	16,840,000	16,840,000
Unsecured loans to members	70,000	-
Total loans and receivables	<u>17,401,580</u>	<u>18,931,580</u>
Total Other Financial Assets, Loans and Receivables	<u><u>22,987,839</u></u>	<u><u>24,517,840</u></u>

(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 total unsecured loan of \$2,750,000 provided to GuildLink Pty Ltd was forgiven on 29 June 2018. Interest on the loan had been received until the decision was made and the interest rate was 4.5% (2017: 4.5%).

(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
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	2018	2017
	\$	\$
NOTE 13 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	350,863	493,460
Additions	231,278	80,349
Disposals	-	(77)
Depreciation	(208,974)	(222,869)
As at 30 June, net of accumulated depreciation and impairment	<u>373,167</u>	<u>350,863</u>
Cost	3,531,208	3,301,039
Accumulated depreciation and impairment	(3,158,041)	(2,950,176)
Net carrying amount	<u>373,167</u>	<u>350,863</u>
Motor vehicles - at cost		
As at 1 July, net of accumulated depreciation and impairment	12,451	17,603
Depreciation	(5,152)	(5,152)
As at 30 June, net of accumulated depreciation and impairment	<u>7,299</u>	<u>12,451</u>
Cost	25,760	25,760
Accumulated depreciation and impairment	(18,461)	(13,309)
Net carrying amount	<u>7,299</u>	<u>12,451</u>
Artwork - at cost		
As at 1 July, net of accumulated depreciation and impairment	94,200	94,200
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	474,140	621,889
Additions	231,278	80,349
Disposals	-	(77)
Depreciation	(214,126)	(228,021)
As at 30 June, net of accumulated depreciation and impairment	<u>491,292</u>	<u>474,140</u>
Cost	3,667,794	3,437,625
Accumulated depreciation and impairment	(3,176,502)	(2,963,485)
Net carrying amount	<u>491,292</u>	<u>474,140</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 14 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	885,780	1,262,463
Additions	219,168	454,126
Transfers	489,949	-
Amortisation	(597,363)	(830,809)
As at 30 June, net of accumulated amortisation and impairment	<u>997,534</u>	<u>885,780</u>
Cost	3,916,340	4,423,724
Accumulated amortisation and impairment	(2,918,806)	(3,537,944)
Net carrying amount	<u>997,534</u>	<u>885,780</u>
Software in progress - at cost		
As at 1 July	292,513	-
Additions	488,981	292,513
Transfers	(489,949)	-
As at 30 June	<u>291,545</u>	<u>292,513</u>
Net carrying amount	<u>291,545</u>	<u>292,513</u>
Total intangible assets - at cost		
As at 1 July, net of accumulated amortisation and impairment	1,178,293	1,262,463
Additions	708,149	746,639
Amortisation	(597,363)	(830,809)
As at 30 June, net of accumulated amortisation and impairment	<u>1,289,079</u>	<u>1,178,293</u>
Cost	4,207,885	4,716,237
Accumulated amortisation and impairment	(2,918,806)	(3,537,944)
Net carrying amount	<u>1,289,079</u>	<u>1,178,293</u>
NOTE 15 TRADE AND OTHER PAYABLES (CURRENT)		
Trade and other payables	12,780,605	1,536,436
Accrued expenses	1,999,719	12,094,353
Amounts payable to related entities:		
Branch creditors	457,296	902,690
GuildLink Pty Ltd	33,682	56,232
Meridian Lawyers Limited, a subsidiary of Guild Group Holdings Ltd	44,075	85,902
Consideration for employers making payroll deductions of membership subscriptions	-	-
Net GST payable	105,310	87,256
Amounts held on trust:		
Medicines Partnership of Australia (MPA)	4,404	4,404
	<u>15,425,091</u>	<u>14,767,273</u>
Payables include the following:		
Legal fees payable		
- In respect of litigation	-	-
- In respect of other legal matters	190,641	136,395
	<u>190,641</u>	<u>136,395</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
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	2018	2017
	\$	\$
NOTE 15 TRADE AND OTHER PAYABLES (CURRENT) (Cont'd)		
(b) Related party payables		
Branch creditors as at 30 June comprised:		
New South Wales	39,166	512,938
Victoria	2,347	1,723
Queensland	22,001	14,850
South Australia	-	33
Western Australia	648	1,951
Tasmania	138,922	160,805
Australian Capital Territory	-	71,500
Northern Territory	254,212	138,890
	<u>457,296</u>	<u>902,690</u>

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

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

NOTE 16 EMPLOYEE BENEFIT LIABILITIES

Current		
Annual leave	1,039,511	1,004,184
Separation and redundancies	-	-
Long service leave	1,103,323	931,022
	<u>2,142,834</u>	<u>1,935,206</u>
Non-Current		
Long service leave	253,561	254,447
	<u>253,561</u>	<u>254,447</u>
Employee entitlements (annual leave) in respect of :		
- officers	61,389	72,285
- other employees	978,122	931,899
	<u>1,039,511</u>	<u>1,004,184</u>
Employee entitlements (separation and redundancies) in respect of:		
- officers	-	-
- other employees	-	-
	<u>-</u>	<u>-</u>
Employee entitlements (long service leave) in respect of:		
- officers	33,722	10,097
- other employees	1,323,162	1,175,372
	<u>1,356,884</u>	<u>1,185,469</u>

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$

NOTE 17 RESERVES AND ACCUMULATED FUNDS

(a)	National Fighting Fund reserve		
	Balance at the beginning of year	3,655,236	4,278,745
	Transfer from / (to) accumulated funds	569,323	(623,509)
	Balance at the end of year	<u>4,224,559</u>	<u>3,655,236</u>
	Total Reserves	<u><u>4,224,559</u></u>	<u><u>3,655,236</u></u>

(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 2018 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	56,393,023	53,923,062
	Net surplus / (deficit) attributable to the Guild	(1,179,853)	1,846,452
	Transfer from / (to) the Fighting Fund reserve	(569,323)	623,509
	Balance at the end of the year	<u>54,643,847</u>	<u>56,393,023</u>

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

NOTE 18 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	924,755	995,097
	After one year but not more than five years	462,377	1,492,645
	After more than five years	-	-
		<u>1,387,132</u>	<u>2,487,742</u>

(b) Other commitments

The National Secretariat has committed to financially support the Tasmanian, Australian Capital Territory and Northern Territory Branches in the year ending 30 June 2019 by funding deficits of the relevant branches up to maximum of \$818,000 in total.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 19 RELATED PARTY DISCLOSURES		
The following related party transactions occurred during the financial year:		
Sales Transactions		
Victoria Branch		
Membership subscriptions (capitation fee)	803,142	1,280,884
National database on-charge	24,911	26,595
Community pharmacy qualifications development	-	17,440
Cost reimbursement and other	18,958	15,919
	<u>847,011</u>	<u>1,340,838</u>
Queensland Branch		
Membership subscriptions (capitation fee)	838,503	1,231,571
National database on-charge	26,469	29,198
Community pharmacy qualifications development	-	18,596
Commissions	-	3,308
Cost reimbursement and other	93,955	41,155
	<u>958,927</u>	<u>1,323,827</u>
New South Wales Branch		
Membership subscriptions (capitation fee)	1,274,463	2,041,937
Refund of surplus Branch QCPP management funds	-	350,038
ICT support	273,375	-
National database on-charge	37,626	42,779
Community pharmacy qualifications development	-	28,422
Legal fees on-charged	-	96,880
Cost reimbursement and other	121,182	29,370
	<u>1,706,646</u>	<u>2,589,426</u>
South Australia Branch		
Membership subscriptions (capitation fee)	294,373	455,536
National database on-charge	9,108	10,545
Community pharmacy qualifications development	-	6,646
Cost reimbursement and other	16,509	20,243
	<u>319,990</u>	<u>492,970</u>
Western Australia Branch		
Membership subscriptions (capitation fee)	504,208	787,424
National database on-charge	15,680	16,818
Community pharmacy qualifications development	-	10,361
Cost reimbursement and other	23,384	21,714
	<u>543,272</u>	<u>836,317</u>
Tasmania Branch		
Membership subscriptions (capitation fee)	105,322	175,582
Community pharmacy qualifications development	-	2,414
Cost reimbursement and other	65,923	71,303
	<u>171,245</u>	<u>249,299</u>
Australian Capital Territory Branch		
Membership subscriptions (capitation fee)	66,000	103,003
Cost reimbursement and other	41,982	46,586
	<u>107,982</u>	<u>149,588</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 19 RELATED PARTY DISCLOSURES (Cont'd)		
Nothern Territory Branch		
Membership subscriptions (capitation fee)	30,750	40,175
Community pharmacy qualifications development	-	639
Cost reimbursement and other	33,534	47,184
	<u>64,284</u>	<u>87,998</u>
Gold Cross Products and Services Pty Ltd		
Commissions	1,196,109	911,426
Contribution to campaign	200,000	-
Sponsorship	10,000	14,545
Sponsorship on-paid to external entity	5,000	10,000
Interest	25,944	25,944
Cost reimbursement and other	38,282	55,266
	<u>1,475,335</u>	<u>1,017,182</u>
GuildLink Pty Ltd		
Interest	99,239	44,975
Sponsorship	-	4,545
Sponsorship on-paid to external entity	2,000	7,000
Cost reimbursement and other	53,503	47,900
	<u>154,742</u>	<u>104,420</u>
Guild Group Holdings Ltd		
Dividend	3,000,000	3,000,000
Interest	933,690	961,532
Pharmacy Medibank trial	-	27,280
Sponsorship	-	9,091
Sponsorship on-paid to external entity	-	5,000
Other	3,527	-
	<u>3,937,217</u>	<u>4,002,903</u>
Guild Insurance Ltd, a subsidiary of Guild Group Holdings Ltd		
Referral fees	3,332,507	2,189,010
Insurance recoveries	8,335	18,182
Sponsorship on-paid to external entity	10,000	10,000
Other	-	3,316
	<u>3,350,842</u>	<u>2,220,508</u>
Guild Financial Services Ltd, a subsidiary of Guild Group Holdings Ltd		
Sponsorship on-paid to external entity	5,000	5,000
Other	-	1,391
	<u>5,000</u>	<u>6,391</u>
Fred Health Pty Ltd, an associate of the Victorian Branch		
Sponsorship	-	4,545
Sponsorship on-paid to external entity	5,000	5,000
Module hosting	833	10,000
	<u>5,833</u>	<u>19,545</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 19 RELATED PARTY DISCLOSURES (Cont'd)		
Purchase Transactions		
Victoria Branch		
Branch funding - pharmacy service support	(755,480)	(941,244)
Branch funding - membership subscription balancing adjustment	(69,000)	-
Branch funding - membership acquisition and retention	-	(15,000)
Secretarial support	-	(26,265)
Rent	(39,552)	(97,840)
Reimbursement and other	(32,598)	(25,191)
	<u>(896,630)</u>	<u>(1,105,540)</u>
The Guild Properties (VIC) Unit Trust, a subsidiary of the Victoria Branch		
Rent	(57,396)	-
	<u>(57,396)</u>	<u>-</u>
Queensland Branch		
Branch funding - pharmacy service support	(925,578)	(1,088,857)
Intern training program costs	-	(38,444)
CPD accreditation	(14,318)	(12,182)
Conferences and seminars	(27,541)	(33,503)
Sponsorship	(7,273)	-
Reimbursement and other	(41,144)	(27,387)
	<u>(1,015,854)</u>	<u>(1,200,372)</u>
New South Wales Branch		
Branch funding - pharmacy service support	(1,207,730)	(1,439,521)
Branch funding - membership acquisition and retention	-	(220,000)
Cold chain testing	(192,200)	(319,700)
Training materials	-	(177,038)
Contribution for employee separation payment	-	(173,000)
Reimbursement and other	(25,834)	(24,720)
	<u>(1,425,764)</u>	<u>(2,353,979)</u>
South Australia Branch		
Branch funding - pharmacy service support	(323,682)	(382,724)
Branch funding - membership subscription balancing adjustment	(57,000)	-
Reimbursement and other	(7,964)	(12,966)
	<u>(388,646)</u>	<u>(395,690)</u>
Western Australia Branch		
Branch funding - pharmacy service support	(445,191)	(484,043)
Branch funding - membership subscription balancing adjustment	(40,000)	-
Branch funding - membership acquisition and retention	-	(80,092)
Sponsorship	(5,500)	-
Reimbursement and other	(12,991)	(13,277)
	<u>(503,682)</u>	<u>(577,412)</u>
Tasmania Branch		
Branch funding - pharmacy service support	(195,117)	(209,555)
Branch subsidy	(326,102)	(271,136)
Reimbursement and other	(20,472)	(19,057)
	<u>(541,691)</u>	<u>(499,748)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 19 RELATED PARTY DISCLOSURES (Cont'd)		
Australian Capital Territory Branch		
Branch funding - pharmacy service support	(169,697)	(169,032)
Branch subsidy	(250,000)	(200,000)
Reimbursement and other	(9,014)	(10,046)
	<u>(428,711)</u>	<u>(379,078)</u>
Nothern Territory Branch		
Branch funding - pharmacy service support	(117,642)	(118,196)
Branch subsidy	(320,530)	(203,320)
Consultant	(23,036)	(86,145)
Reimbursement and other	(8,221)	(16,461)
	<u>(469,429)</u>	<u>(424,121)</u>
Gold Cross Products and Services Pty Ltd		
Reimbursement and other	(4,413)	(12,204)
	<u>(4,413)</u>	<u>(12,204)</u>
GuildLink Pty Ltd		
Project work	(229,166)	(572,560)
Reimbursement and other	(371)	-
	<u>(229,537)</u>	<u>(572,560)</u>
Guild Insurance Ltd, a subsidiary of Guild Group Holdings Ltd		
Corporate insurance premiums	(54,615)	(45,312)
Workers compensation	(77,329)	(76,064)
Car insurance	(1,138)	(1,157)
	<u>(133,082)</u>	<u>(122,533)</u>
Meridian Lawyers Ltd, a subsidiary of Guild Group Holdings Ltd		
Legal fees	(750,083)	(442,685)
	<u>(750,083)</u>	<u>(442,685)</u>
Fred Health Pty Ltd, an associate of the Victorian Branch		
Sponsorship	(5,000)	-
	<u>(5,000)</u>	<u>-</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

NOTE 20 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) National Council

Current at balance date

A. Tassone
A. Doan (appointed 28 November 2017)
C. Bronger (appointed 28 November 2017)
C. Owen (appointed 28 November 2017)
D. Heffernan
G. Chong (appointed 28 November 2017)
G. Tambassis
H. O'Byrne (appointed 28 November 2017)
J.C. Dowling
N. Panayiaris
N. Willis (appointed 28 November 2017)
P. Jones (appointed 28 November 2017)
S. Blacker (appointed 28 November 2017)
T. Battalis
T. Twomey

Resigned by balance date

A. Galbraith (resigned 28 November 2017)
A. Pricolo (resigned 28 November 2017)
I.P. Todd (resigned 28 November 2017)
J O'Malley (resigned 28 November 2017)
M. Barone (resigned 28 November 2017)
R. Samimi (resigned 28 November 2017)
S. Wragg (resigned 15 March 2018)
T.J. Logan (resigned 28 November 2017)
Z.L. Mullen (resigned 28 November 2017)

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

Short-term employee benefits
Post employment benefits
Other long-term benefits
Termination benefits
Total compensation

2018	2017
\$	\$
2,336,055	2,263,980
203,750	219,361
72,915	56,761
-	-
<u>2,612,720</u>	<u>2,540,102</u>

NOTE 21 EVENTS AFTER THE BALANCE SHEET DATE

On 2 July 2018, Guild Group Holdings Pty Ltd issued 70,985 ordinary shares to the Pharmacy Guild of Australia – National Secretariat for the amount of \$2.4 million.

On 31 August 2018, the directors of Guild Group Holdings Limited declared a dividend on ordinary shares in respect of the 2018 financial year. The total amount of the dividend payable to the Guild is \$3,500,000.

The Guild and three pharmacist members have commenced an action in the Supreme Court of NSW seeking a ruling on whether Ramsay Health Care has a financial interest in certain Ramsay-branded pharmacies in NSW under the terms of the NSW pharmacy ownership law. Given the nature of the matter, an estimate of the financial effect cannot be made at this stage.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018**

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:

	2018 \$	2017 \$
Financial Assets		
Cash and short-term deposits	51,663,852	29,751,652
Other financial assets (current)	15,000,000	15,000,000
Amounts receivable from controlled entities:		
GuildLink Pty Ltd	-	1,600,000
Guild Group Holdings Limited	16,840,000	16,840,000
	<u>83,503,852</u>	<u>63,191,652</u>

At 30 June 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the net surplus would have been affected as follows:

Judgments of reasonably possible movements:	Net Surplus Higher / (Lower) 2018 \$	Net Surplus Higher / (Lower) 2017 \$
	+ 1% (100 basis points)	550,615
- 1% (100 basis points)	(550,615)	(535,995)

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 2018

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 (2017: \$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	2018 \$	2017 \$
Cash and short-term deposits	7	51,663,852	29,751,652
Trade and other receivables (current)	8	4,875,172	24,404,782
Asset held for sale	9	1	-
Other financial assets (current)	10	15,000,000	15,000,000
Other financial assets (non-current)	12	5,586,259	5,586,260
Loans and receivables (non-current)	12	17,401,580	18,931,580
		<u>94,526,864</u>	<u>93,674,274</u>

(v) Liquidity Risk

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

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

The Guild has no borrowings.

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

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

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

Year ended 30 June 2018	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
Financial Assets					
Cash and short-term deposits	51,663,852	-	-	-	51,663,852
Other financial assets (current)	15,000,000	-	-	-	15,000,000
Trade and other receivables	4,875,172	-	70,000	17,331,580	22,276,752
Assets held for sale	1	-	-	-	1
	<u>71,539,025</u>	<u>-</u>	<u>70,000</u>	<u>17,331,580</u>	<u>88,940,605</u>
Financial Liabilities					
Trade and other payables	15,425,091	-	-	-	15,425,091
Government grants and project funds held	19,597,273	-	-	-	19,597,273
	<u>35,022,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,022,364</u>
Net	<u>36,516,661</u>	<u>-</u>	<u>70,000</u>	<u>17,331,580</u>	<u>53,918,241</u>
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 and other receivables	24,404,782	-	-	18,931,580	43,336,362
	<u>69,156,434</u>	<u>-</u>	<u>-</u>	<u>18,931,580</u>	<u>88,088,014</u>
Financial Liabilities					
Trade and other payables	14,767,273	-	-	-	14,767,273
Government grants and project funds held	18,625,263	-	-	-	18,625,263
	<u>33,392,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,392,536</u>
Net	<u>35,763,898</u>	<u>-</u>	<u>-</u>	<u>18,931,580</u>	<u>54,695,478</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

NOTE 23 AUDITOR REMUNERATION

	2018	2017
	\$	\$
Remuneration to auditors		
Audit fees	62,130	60,312
Other assurance services	66,842	65,695
QCPP assessments	2,679,904	3,120,243
Other non-assurance services	188,252	215,110
	<u>2,997,128</u>	<u>3,461,360</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 received any financial support from the branches of the organisation.
- (iii) No terms or conditions are attached to the financial support provided to the Tasmania, Australian Capital Territory and Northern Territory branches.
- (iv) 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 of the Fair Work Commission under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
 - (d) a revocation by the General Manager of the Fair Work Commission under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).
- (v) The financial affairs of the National Secretariat are not administered by another entity.

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 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2018, notes to the financial statements, including a summary of significant accounting policies, the Committee of Management Statement and the subsection 255(2A) report.

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 2018, 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 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.

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 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 determines 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

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.

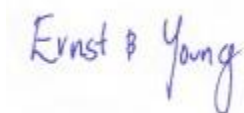
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 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 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 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 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

16 October 2018

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