



Australian Government
Registered Organisations Commission

25 February 2019

Mr David Heffernan
Branch President
Pharmacy Guild of Australia, New South Wales Branch

By e-mail: governance@nsw.guild.org.au

Dear Mr Heffernan

Pharmacy Guild of Australia, New South Wales Branch
Financial Report for the year ended 30 June 2018 - FR2018/220

I acknowledge receipt of the amended financial report for the year ended 30 June 2018 for the Pharmacy Guild of Australia, New South Wales Branch. The financial report was lodged with the Registered Organisations Commission (ROC) on 21 February 2019.

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

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'.

KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission

**The Pharmacy Guild of Australia (NSW
Branch)**

ABN 87 740 877 429

FULL REPORT CONSISTING OF

- OPERATING REPORT
- EXPENDITURE REPORT UNDER SUBSECTION 255(2a)
- GENERAL PURPOSE FINANCIAL REPORT
- AUDITOR'S REPORT

30 JUNE 2018

The Pharmacy Guild of Australia (NSW Branch)

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The Pharmacy Guild of Australia (NSW Branch)

Operating report

For the year ended 30 June 2018

The committee presents its report on The Pharmacy Guild of Australia (NSW Branch) for the financial year ended 30 June 2018.

(a) Review of principal activities:

- (i) The Pharmacy Guild of Australia (NSW Branch) is an employers' organisation servicing the needs of proprietors of independent community pharmacies and representing their interests in industrial matters.
- (ii) The Pharmacy Guild of Australia (NSW Branch) has continued to assist the National Council and the National Executive of The Pharmacy Guild of Australia in carrying out the overall policy and objectives of the Guild.
- (iii) Included in the Annual Report are the various reports compiled by The Pharmacy Guild of Australia (NSW Branch) State President, Branch Director and Officers outlining the activities for the year. There were no significant changes in the nature of these activities during the year under review.

(b) Significant changes in financial affairs:

There have been no significant changes during the year.

(c) Right of members to resign:

Under Section 174 of the Fair Work (Registered Organisations) Act 2009, a member may resign from membership by written notice addressed and delivered to the Branch Director in accordance with Rule 36 of the Guild's Constitution.

(d) Officers or members who are superannuation fund trustee(s)

No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

(e) Number of members:

As at 30 June 2018 the number of members of The Pharmacy Guild of Australia (NSW Branch) was 1,372 (2017: 1,312) including Honorary Life & 50 Year Life Members.

(f) Number of employees:

As at 30 June 2018 the number of employees of The Pharmacy Guild of Australia (NSW Branch) was 31 (2017: 35).

(g) Names of Branch Committee members during the financial year:

In accordance with Regulation 159(c) of the Fair Work (Registered Organisations) Regulations 2009 the following persons were members of the Branch Committee during the financial year:

1 July 2017 - 30 June 2018

Mario Barone	John Black	Phil Dibben*	Gregory Everett
Feras Karem	Paul Jones	David Heffernan	Binh Luu
George Mendria*	Rick Samimi	Richard Walsh	Adele Tahan
Caroline Diamantis	Judy Plunkett	Catherine Bronger	Karen Carter**
Sally Sheehan**			

*Ceased on 19 October 2017

**Appointed 19 October 2017



David Heffernan
Branch President

Dated at Sydney this 21st day of February 2019

The Pharmacy Guild of Australia (NSW Branch)
Expenditure report under subsection 255(2A)
For the year ended 30 June 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the The Pharmacy Guild of Australia (NSW Branch) for the year ended 30 June 2018.

<i>In AUD</i>	2018	2017
Remuneration, and other employment-related costs and expenses, in respect of employees:	3,330,639	3,738,998
Advertising expenses	121,902	133,440
Operating costs	932,092	911,856
Donation to political parties	28,099	16,773
Legal costs	110,144	157,386
Other expenses	6,282,736	8,590,566
Total expenses	10,805,612	13,549,019



David Heffernan
Branch President

Dated at Sydney this 21st day of February 2019

The Pharmacy Guild of Australia (NSW Branch)
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

In AUD

	<i>Notes</i>	2018	2017
Revenue			
Membership subscriptions revenue		3,454,047	3,701,177
Grant revenue	4A	4,102,847	4,635,245
Learning & development revenue		688,470	739,350
National secretariat funding revenue		1,208,940	1,659,521
Commissions revenue		351,757	815,645
Certification revenue		314,318	380,900
Rental revenue		5,127	40,406
Other revenue		70,681	828,148
Capitation fees and levies revenue		-	-
Total revenue		10,196,186	12,800,392
Expenses			
Depreciation and amortisation	5A	240,602	154,160
Legal fees	5B	110,144	157,386
Employee expenses	5C	3,330,639	3,738,998
Grants or donations	5D	30,945	16,773
Program related costs	5E	3,648,284	4,209,551
Audit fees		129,750	59,287
Bank fees and charges		22,900	32,786
Capitation and affiliation fees	5H	1,309,963	2,041,937
Administration expenses	5F	1,598,961	2,475,922
Other expenses	5G	383,424	662,219
		10,805,612	13,549,019
Interest income		317,733	293,676
Net finance income		317,733	293,676
Deficit for the year		(291,693)	(454,951)
Other Comprehensive Income			
<i>Items that will be subsequently reclassified to profit or loss</i>			
Gain on revaluation of artworks	15	132,810	-
Total other comprehensive income for the year		132,810	-
Total comprehensive loss for the year		(158,883)	(454,951)

These statements should be read in conjunction with the accompanying notes.

The Pharmacy Guild of Australia (NSW Branch)

Statement of financial position

As at 30 June 2018

In AUD

	Note	2018	2017
Current assets			
Cash and cash equivalents	7	6,932,548	16,249,543
Trade and other receivables	8	1,972,500	3,114,675
Inventories		-	9,652
Other current assets	9	250,910	263,269
Total current assets		<u>9,155,957</u>	<u>19,637,139</u>
Non-current assets			
Financial assets	10	34	34
Property, plant and equipment	11	8,255,257	332,880
Total non-current assets		<u>8,255,291</u>	<u>332,914</u>
Total assets		<u>17,411,248</u>	<u>19,970,053</u>
Current liabilities			
Trade and other payables	12	2,416,191	2,802,217
Deferred income	14	1,745,145	3,692,074
Employee provisions	13	185,732	215,297
Total current liabilities		<u>4,347,067</u>	<u>6,709,588</u>
Non-current liabilities			
Employee provisions	13	83,849	121,250
Total non-current liabilities		<u>83,849</u>	<u>121,250</u>
Total liabilities		<u>4,430,916</u>	<u>6,830,838</u>
Net assets		<u>12,980,332</u>	<u>13,139,215</u>
Equity			
Reserves	15	205,558	72,748
Retained earnings		12,774,774	13,066,467
Total equity		<u>12,980,332</u>	<u>13,139,215</u>

These statements should be read in conjunction with the accompanying notes.

The Pharmacy Guild of Australia (NSW Branch)

Statement of changes in equity

For the year ended 30 June 2018

<i>In AUD</i>	Retained earnings	Asset revaluation reserve	Total equity
Balance at 1 July 2016	7,692,744	6,072,932	13,765,676
Deficit for the year	(454,951)	-	(454,951)
<i>Other comprehensive income</i>			
Gain on revaluation of artworks	-	-	-
Total comprehensive income for the year	(454,951)	-	(454,951)
Transfer on sale of land and buildings	5,828,674	(6,000,184)	(171,510)
Balance at 30 June 2017	13,066,467	72,748	13,139,215
Balance at 1 July 2017	13,066,467	72,748	13,139,215
Deficit for the year	(291,693)	-	(291,693)
<i>Other comprehensive income</i>			
Gain on revaluation of artworks	-	132,810	132,810
Total comprehensive income for the year	(291,693)	132,810	(158,883)
Balance at 30 June 2018	12,774,774	205,558	12,980,332

These statements should be read in conjunction with the accompanying notes.

The Pharmacy Guild of Australia (NSW Branch)

Statement of cash flows

For the year ended 30 June 2018

In AUD

	Note	2018	2017
Cash flows from operating activities			
Receipts from customers		8,098,471	9,834,037
Payments to suppliers, employees and others		(9,273,064)	(10,262,249)
Receipts from related parties	19(c)	2,046,716	2,065,542
Payments to related parties	19(c)	(2,476,682)	(2,356,705)
Interest received		317,733	293,676
Net cash outflow from operating activities	19(b)	(1,286,826)	(425,699)
Cash flows from investing activities			
Proceeds from the disposal of property, plant and equipment		6,004	10,050,000
Payments for acquisition of property, plant and equipment		(8,036,173)	(323,546)
Net cash used in/ (from) investing activities		(8,030,169)	9,726,454
Net (decrease)/ increase in cash and cash equivalents		(9,316,995)	9,300,755
Cash and cash equivalents at beginning of financial year		16,249,543	6,948,788
Cash and cash equivalents at end of financial year	7, 19(a)	6,932,548	16,249,543

These statements should be read in conjunction with the accompanying notes.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements

For the year ended 30 June 2018

Note 1 Reporting entity

The financial report is for the entity Pharmacy Guild of Australia (NSW Branch) ("Guild") as an individual entity. The Branch is registered under the Fair Work (Registered Organisations) Act 2009. In accordance with the Act the Branch is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Branch is not subject to the Corporations Act.

The Pharmacy Guild of Australia (NSW Branch) is a not-for-profit entity, the nature of the operations and principal activities of the Guild are as described in the Operating Report. The principal place of business of The Pharmacy Guild of Australia (NSW Branch) is 100 Christie Street, St Leonards, NSW 2065.

The financial report of The Pharmacy Guild of Australia (NSW Branch) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution passed by the Committee of Management on 21 February 2019.

Note 2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the disclosure requirements of the Fair Work (Registered Organisations) Act 2009.

The reporting guidelines made under section 255 of the Fair Work (Registered Organisations) Act 2009 require all reporting units to apply the Tier 1 reporting requirements as per Australian Accounting Standard AASB 1053 Application for Tiers of Australian Accounting Standards. As such the branch committee of management has prepared a full set of financial statements with all Tier 1 disclosure requirements.

(b) Basis of measurement

The financial report has been prepared on a historical costs basis modified by the revaluation of selected property, plant and equipment asset classes as per Note 3 (e).

(c) Functional and presentational currency

The financial report is presented in Australian dollars, which is the Guild's functional currency.

(d) Comparative information

To conform with current year presentation certain prior year comparative figures have been reclassified. In the opinion of the Committee of Management, these changes in presentation are not material to the financial report.

(e) New standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2017 and earlier application is permitted; however, the Guild has not early adopted the new or amended standards in preparing the financial report.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements

For the year ended 30 June 2018

Note 2 Basis of preparation (continued)

(e) New standards issued but not yet effective (continued)

(i) AASB 9 Financial Instruments (2014)

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Guild is assessing the potential impact on its financial report resulting from the application of AASB 9.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2019. The Guild is assessing the potential impact on its financial report resulting from the application of AASB 15.

(iii) AASB 16 Leases

AASB 16 removes all classification of leases as either operating or finance leases – for the lessee, effectively treating all leases as finance leases. Short-term (less than 12 months) and leases of low value assets are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will not recognise a front loaded pattern of expenses for most leases, even when they pay constant rentals.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that have also adopted AASB 15. The Guild is assessing the potential impact on its financial report resulting from the application of AASB 16.

(iv) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities for the recognition of income. Under AASB 1058, the timing of income recognition will depend on whether a transaction gives rise to a performance obligation, liability or contribution by owners. It replaces the existing requirements in AASB 1004 Contributions.

AASB 1058 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that have also adopted AASB 15. The Guild is assessing the potential impact on its financial report resulting from the application of AASB 1058.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Income tax

Under Section 50-15 of the Income Tax Assessment Act 1997, the income of The Pharmacy Guild of Australia (NSW Branch) is exempt from income tax.

(b) Revenue

(i) Membership subscriptions revenue

Revenue from subscriptions is recognised in the year to which the subscription relates when recovery of the consideration is considered probable and the amount of revenue can be measured reliably.

(ii) Grant revenue

Revenue from government grants is recognised on a systematic basis over the periods in which the Guild recognises as expenses the related program costs which the grant is intended to compensate. Government grants are only recognised when the Guild is able to comply with the conditions attached to the grant and received of the grant monies is considered probable.

(iii) Learning & development revenue

Revenue from guild and other educational courses is recognised on a straight-line basis as the course is delivered based on the percentage of the course delivered and completed when recovery of the consideration is considered probable and the amount of revenue can be measured reliably.

(iv) Service revenue

Revenue from services is recognised through profit or loss when the services are performed when recovery of the consideration is probable and the amount of revenue can be measured reliably. Revenue from services incorporates; National secretariat funding revenue, commissions revenue, rental revenue and certification revenue.

(ii) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

From time to time, the Guild will receive upfront payment for services to be rendered. Collections received in advance of the time of revenue recognition, as noted above, are recognised as deferred income until the revenue recognition criteria is satisfied.

(c) Net finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(d) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand, and have original maturities of less than 3 months which are used in the cash management function on a day to day basis.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 3 Significant accounting policies

(e) Property, plant and equipment

Property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Building fit out, plant and equipment and capital works in progress are measured on a cost basis, whilst Works of art are measured on a fair value basis.

Valuations of the Guild's Works of art are obtained whenever there is an indication of a material change in the fair value, and at least every 3 years, with movements in the fair value recognised in the asset revaluation reserve.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The carrying amount of property, plant and equipment is reviewed annually by the branch committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use, with value in use being determined as the written-down current cost (depreciated replacement cost) of the asset.

(i) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Guild, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Guild commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.50%
Plant and Equipment	10-33%
Building fit out	Lower of 20% or lease term

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 3 Significant accounting policies

(f) Employee benefits

(i) Defined contribution plans - superannuation

A defined contribution plan is a post-employment benefit plan under which an organisation pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Other long-term employee benefits

The Guild's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value using Miliman rates. Remeasurements are recognised in profit or loss in the period in which they arise.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or other incentive plans if the Guild has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(g) Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown exclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Impairment of assets

At each reporting date, the Guild reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

As the Guild is a not-for-profit organisation, where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 3 Significant accounting policies

(j) Financial instruments

(i) Non-derivative financial assets

Financial assets are recognised initially on the date at which the Guild becomes a party to the contractual provisions of the instrument.

The Guild derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Guild is recognised as a separate asset or liability.

The Guild has the following non-derivative financial assets: Trade and other receivables, and cash and cash equivalents.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date, which is the date that the Guild becomes a party to the contractual provisions of the instrument. The Guild derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Guild has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Guild has the following non-derivative financial liabilities: Trade and other payables.

(k) Critical accounting estimates and judgements

The Branch Committee evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events based on current trends and economic data, obtained both externally and within the group.

Key estimates - Provision for doubtful debts

The Branch Committee assesses the provision for doubtful debts by reviewing trade and other receivables at each balance date and determining if there are indications that amounts owing to the guild are not recoverable.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 3 Significant accounting policies

(I) Fair value measurement

The Guild measures non-financial assets such as works of art, at fair value, with a new valuation obtained at least every 3 years in line with the Guild's accounting policy.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Guild. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Guild uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Guild determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as works of art. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Guild has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 3 Significant accounting policies

(m) Principles of consolidation

(i) Subsidiaries

A subsidiary is an entity controlled by the Guild. The Guild controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary, where considered material, are consolidated into the financial statements from the date that control commences until the date that control ceases.

The entities controlled by the Guild during the year are identified in Note 16.

An assessment as to the quantitative and qualitative materiality of the controlled entities is made each year, to determine whether the consolidated financial statements are required to be prepared.

For the year ended 30 June 2018, the Guild has not prepared consolidated financial statements as the controlled entities are dormant, and would therefore have an immaterial impact on the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows for the Guild as at and for the year ended 30 June 2018.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 4 Revenue

4A: Grant revenue

<i>In AUD</i>	2018	2017
Methadone incentive scheme funding	1,535,993	2,821,807
Needle and syringe exchange funding	2,470,293	1,503,004
Quit for new life funding	92,302	90,044
Other grants	4,260	220,390
	<u>4,102,847</u>	<u>4,635,245</u>

4B: Revenue from recovery of wages activity

<i>In AUD</i>		
Amounts recovered from employers in respect of wages	-	-
Interest received on recovered monies	-	-
	<u>-</u>	<u>-</u>

Note 5 Expenses

5A: Depreciation and amortisation

<i>In AUD</i>	2018	2017
Buildings and leasehold improvements	164,162	83,400
Plant and equipment	76,440	70,760
	<u>240,602</u>	<u>154,160</u>

5B: Legal costs

<i>In AUD</i>	2018	2017
Litigation	-	-
Other legal matters	110,144	157,386
	<u>110,144</u>	<u>157,386</u>

5C: Employee benefit expenses

<i>In AUD</i>	2018	2017
Holders of office:		
Salaries and wages	136,445	-
Superannuation	12,962	-
Leave and other entitlements	9,987	-
Separation and redundancies	-	-
Other employee expenses	9,164	-
Subtotal employee expenses holders of office	<u>168,558</u>	<u>-</u>

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 5 Expenses (continued)

5C: Employee benefit expenses (continued)

Employees other than office holders:

Salaries and wages	2,374,342	2,902,887
Superannuation	272,802	367,258
Leave and other entitlements	220,135	(44,989)
Separation and redundancies	125,162	284,389
Other employee expenses	169,640	229,453
Sub total employees expenses other than office holders:	3,162,081	3,738,998
Total employee expenses	3,330,639	3,738,998

5D: Grants or donations

<i>In AUD</i>	2018	2017
Grants that were \$1,000 or less	-	-
Grants that exceeded \$1,000	3,600	-
Donations that were \$1,000 or less	3,054	4,600
Donations that exceeded \$1,000	25,045	12,173
	31,699	16,773

5E: Program Related Costs

<i>In AUD</i>	2018	2017
Methadone incentive scheme payments	1,311,937	2,952,650
Needle & syringe exchange payments	2,241,844	1,140,995
Quit for new life payments	94,503	81,294
Other programs	-	34,612
	3,648,284	4,209,551

5F: Administrative expenses

<i>In AUD</i>	2018	2017
Consultancy and contractors fees	298,348	492,497
Property expenses	413,040	469,483
Information communication technology	443,192	366,600
Office expenses	175,072	510,240
Conference and meeting expenses	189,502	110,123
Other administrative expenses	79,807	526,979
Compulsory levies	-	-
Consideration to employers for payroll deductions of membership subscriptions	-	-
	1,598,961	2,475,922

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 5 Expenses (continued)

5G: Other Expenses

<i>In AUD</i>	2018	2017
Travel and accommodation expenses	157,138	264,323
Marketing expenses	121,902	133,440
Recruitment and training costs	65,077	219,912
Insurance	39,307	44,544
	<u>383,424</u>	<u>662,219</u>

5H: Capitation and affiliation fees

<i>In AUD</i>	2018	2017
National Secretariat of the Pharmacy Guild of Australia	1,309,963	2,041,937
	<u>1,309,963</u>	<u>2,041,937</u>

Affiliation fees are in respect of support services provided by the National Secretariat of the Pharmacy Guild of Australia to the Pharmacy Guild of Australia (NSW Branch) which enables the NSW Branch to continue its principal activities.

There are no capitation or affiliation fees paid to political parties and industrial bodies during the year ended 30 June 2018 (2017: nil).

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

Note 6 Key management personnel remuneration

<i>In AUD</i>	2018	2017
Short-term employee benefits		
Salaries	792,476	1,662,950
Non-cash benefits	29,996	14,905
Post-employment benefits		
Superannuation	66,317	172,926
	<u>888,789</u>	<u>1,850,781</u>

The number of people included as key management personnel is 22 (2017:15), consisting of branch committee members and senior management personnel.

Note 7 Cash and cash equivalents

<i>In AUD</i>	2018	2017
Cash at bank and on hand	2,857,835	3,419,943
Short term deposits	4,074,712	13,000,000
	<u>6,932,548</u>	<u>16,419,943</u>

Note 8 Trade and other receivables

<i>In AUD</i>	2018	2017
Trade receivables	505,496	2,740,297
The Pharmacy Guild of Australia (National Secretariat)	779,462	-
Guild Insurance Limited	-	-
Gold Cross Products & Services Pty Limited	440	-
GuildLink Pty Limited	-	-
Guild Superannuation Services Pty Limited	-	-
Guild Group Holdings Limited	-	-
Meridian Lawyers Limited	-	-
Pharmacy Guild Sales and Valuations (NSW) Pty Limited	-	-
The Pharmacy Guild of Australia (ACT Branch)	-	-
The Pharmacy Guild of Australia (Northern Territory Branch)	-	-
The Pharmacy Guild of Australia (Queensland Branch)	-	-
The Pharmacy Guild of Australia (South Australia Branch)	-	-
The Pharmacy Guild of Australia (Tasmania Branch)	-	-
The Pharmacy Guild of Australia (Victoria Branch)	-	-
The Pharmacy Guild of Australia (Western Australia Branch)	-	-
Subtotal: Related party receivables	<u>779,902</u>	-
Trade receivables: Gross	<u>1,285,398</u>	<u>2,740,297</u>

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

Note 8 Trade and other receivables (continued)

Trade receivables: Gross	1,285,398	2,740,297
Provision for doubtful debts	(47,592)	(12,175)
Trade receivables: Net of provision for doubtful debts	1,237,805	2,728,122
Accrued income	733,907	385,765
Sundry receivables	788	788
	<u>1,972,500</u>	<u>3,114,675</u>

Trade receivables are generally on 30 day terms except for branch membership subscriptions which members can elect to pay by instalments in accordance within the Guild's Constitution. A provision for doubtful debts is recognised when there is objective evidence that an individual trade receivable is considered to be impaired.

Note 9 Other current assets

<i>In AUD</i>	2018	2017
Prepayments	80,510	92,869
Rental security deposit	170,400	170,400
	<u>250,910</u>	<u>263,269</u>

Note 10 Financial assets

<i>In AUD</i>	2018	2017
Shares in controlled entities - at cost (note 16)	34	34
	<u>34</u>	<u>34</u>

Note 11 Property, plant and equipment

<i>In AUD</i>	2018	2017
Building fit out, at cost	261,654	290,233
Accumulated depreciation	(225,808)	(83,400)
	<u>35,846</u>	<u>206,833</u>
Plant and equipment, at cost	290,494	341,533
Accumulated depreciation	(150,053)	(296,976)
	<u>140,441</u>	<u>44,557</u>
Capital works in progress, at cost	7,864,670	-
	<u>7,864,670</u>	<u>-</u>
Works of art, at fair value	214,300	81,490
	<u>214,300</u>	<u>81,490</u>
Total property, plant and equipment	<u>8,255,257</u>	<u>332,880</u>

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 11 Property, plant and equipment (continued)

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year are presented below.

<i>In AUD</i>	Opening Balance	Additions	Revaluations	Depreciation	Disposals	Closing Balance
2018						
Building fit out	206,833	-	-	(164,162)	(6,825)	35,846
Plant and equipment	44,557	172,324	-	(76,440)	-	140,441
Capital works in progress	-	7,864,670	-	-	-	7,864,670
Works of art	81,490	-	132,810	-	-	214,300
Total	332,880	8,036,994	132,810	(240,602)	(6,825)	8,255,257
2017						
Building fit out	-	290,233	-	(83,400)	-	206,833
Plant and equipment	100,423	33,313	-	(70,760)	(18,419)	44,557
Capital works in progress	-	-	-	-	-	-
Works of art	81,490	-	-	-	-	81,490
Total	181,913	323,546	-	(154,160)	(18,419)	332,880

On 31 December 2017 a revaluation of works of art was performed based on a valuation report prepared by an independent valuer effective at the aforementioned date. As a result of this a revaluation gain of \$132,810 was recognised in other comprehensive income and credited into the asset revaluation reserve.

Note 12 Trade and other payables

<i>In AUD</i>	2018	2017
Trade payables	1,123,403	639,399
The Pharmacy Guild of Australia (National Secretariat)	200,123	-
Guild Insurance Limited	-	-
Gold Cross Products & Services Pty Limited	1,830	-
GuildLink Pty Limited	-	-
Guild Superannuation Services Pty Limited	4,444	-
Guild Group Holdings Limited	-	-
Meridian Lawyers Limited	16,161	-
Pharmacy Guild Sales and Valuations (NSW) Pty Limited	-	-
The Pharmacy Guild of Australia (ACT Branch)	-	-
The Pharmacy Guild of Australia (Northern Territory Branch)	-	-
The Pharmacy Guild of Australia (Queensland Branch)	-	-
The Pharmacy Guild of Australia (South Australia Branch)	-	-
The Pharmacy Guild of Australia (Tasmania Branch)	-	-
The Pharmacy Guild of Australia (Victoria Branch)	-	-
The Pharmacy Guild of Australia (Western Australia Branch)	-	-
Subtotal: Related party payables	222,558	-
Accrued expenses	1,070,230	2,162,818
	2,416,191	2,802,217

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

Note 13 Employee provisions

In AUD

	2018	2017
Holders of office:		
Current		
Liability for annual leave	9,987	-
Liability for long service leave	-	-
Liability for separation and redundancies	-	-
Other provisions	-	-
Subtotal current employee provisions—holders of office	<u>9,987</u>	<u>-</u>
Non-current		
Liability for annual leave	-	-
Liability for long service leave	-	-
Liability for separation and redundancies	-	-
Other provisions	-	-
Subtotal non-current employee provisions—holders of office	<u>-</u>	<u>-</u>
Subtotal employee provisions—holders of office	<u>9,987</u>	<u>-</u>
Employees other than office holders:		
Current		
Liability for annual leave	175,745	215,297
Liability for long service leave	-	-
Liability for separation and redundancies	-	-
Other provisions	-	-
Subtotal current employee provisions—employees other than office holders	<u>175,745</u>	<u>215,297</u>
Non-current		
Liability for annual leave	-	-
Liability for long service leave	83,849	121,250
Liability for separation and redundancies	-	-
Other provisions	-	-
Subtotal non-current employee provisions—employees other than office holders	<u>83,849</u>	<u>121,250</u>
Subtotal employee provisions—employees other than office holders	<u>259,594</u>	<u>336,547</u>
Current employee provisions	185,732	215,297
Non-current employee provisions	83,849	121,250
Total employee provisions	<u>269,581</u>	<u>336,547</u>

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

Note 14 Deferred income

<i>In AUD</i>	2018	2017
Membership subscriptions in advance	1,464,981	1,665,342
Other deferred income	280,164	2,026,732
	<u>1,745,145</u>	<u>3,692,074</u>

Note 15 Reserves

<i>In AUD</i>	2018	2017
Asset revaluation reserve	<u>205,558</u>	<u>72,748</u>
Reconciliation of movements in the asset revaluation reserve		
Opening balance	72,748	6,072,932
Revaluation of works of art	132,810	-
Transfer to retained earnings on sale of land and building	-	(6,000,184)
Closing balance	<u>205,558</u>	<u>72,748</u>

Other specific disclosures - funds

Compulsory levy	-	-
Other fund(s) required by rules	-	-

Note 16 Controlled entities

Name	% Ownership interest		Investment at cost	
	2018	2017	2018	2017
Pharmacy Guild Services (NSW) Pty Ltd	100	100	22	22
Pharmacy Guild Sales & Valuations (NSW) Pty Ltd	100	100	12	12

Pharmacy Guild Services (NSW) Pty Ltd is the intermediate holding company for Pharmacy Guild Sales & Valuations (NSW) Pty Ltd, the controlled entities are incorporated in Australia. Both controlled entities had a nil contribution towards the deficit for the year (2017: nil).

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

Note 17 Related party transactions

Identity of related parties

The Pharmacy Guild of Australia (NSW Branch) is part of an Australia wide organisation being the Pharmacy Guild of Australia. The related parties of the Pharmacy Guild of Australia (NSW Branch) include entities within the broader Pharmacy Guild of Australia and key management personnel.

In AUD

2018 **2017**

Transactions with related parties during the year

During the year, the following services were transacted with fellow Guild entities:

Sales	1,501,592	2,065,542
Purchases	(1,689,982)	(2,356,705)

Sales to related parties during the year consisted of commissions revenue and funding received from the National Secretariat in respect of the pharmacy transformation business support allowance. Purchases from related parties during the year consisted of affiliation fees paid, and the purchase of IT support and other services.

Amounts owing by/(to) related parties at year end

Amounts receivable	779,902	-
Amounts payable	(222,558)	-

Key management personnel remuneration

Refer to note 5 for key management personnel remuneration.

Note 18 Information to be provided to Members or Commissioner

Subsection 272 (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.

Subsection 272 (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.

Subsection 272 (3)

An organisation must comply with an application made under subsection (1).

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

19 Cash flow information

(a) Reconciliation of cash

Cash at the end of financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2018	2017
Cash on hand	436	500
Cash at bank	2,857,399	3,249,043
Short term deposits	4,074,712	13,000,000
	<u>6,932,548</u>	<u>16,249,543</u>

(b) Reconciliation of net cash flows from operating activities with operating profit after income tax

Operating (deficit)	(291,693)	(454,951)
Non-cash flows in operating profit		
- Depreciation and amortization	240,602	154,160
- Net impact on sale of property plant and equipment	-	(171,510)
- Net loss on sale of plant and equipment	-	18,418
<i>Changes in assets and liabilities:</i>		
Decrease in trade and other receivables	1,142,175	2,545,587
Decrease/(increase) in other assets	12,359	(206,461)
Decrease/(increase) in inventories	9,652	(9,652)
(Decrease)/increase in trade and other payables	(386,026)	983,421
(Decrease) in deferred income	(1,946,929)	(3,238,829)
(Decrease) in employee provisions	(66,966)	(45,882)
Cash flows from operations	<u>(1,286,826)</u>	<u>(425,699)</u>

(c) Related party cashflow information

Cash inflows from related parties

The Pharmacy Guild of Australia (National Secretariat)	1,587,566	1,984,684
Guild Insurance Limited	84,379	-
Gold Cross Products & Services Pty Limited	328,027	-
GuildLink Pty Limited	2,688	-
Guild Superannuation Services Pty Limited	-	-
Guild Group Holdings Limited	-	-
Meridian Lawyers Limited	-	-
Pharmacy Guild Sales and Valuations (NSW) Pty Limited	24,720	-
The Pharmacy Guild of Australia (ACT Branch)	-	950
The Pharmacy Guild of Australia (Northern Territory Branch)	-	255
The Pharmacy Guild of Australia (Queensland Branch)	18,877	63,363
The Pharmacy Guild of Australia (South Australia Branch)	-	-
The Pharmacy Guild of Australia (Tasmania Branch)	-	-
The Pharmacy Guild of Australia (Victoria Branch)	459	255
The Pharmacy Guild of Australia (Western Australia Branch)	-	16,035
Total cash inflows from related parties	<u>2,046,716</u>	<u>2,065,542</u>

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

19 Cash flow information (continued)

(c) Related party cashflow information (continued)

Cash outflows to related parties

The Pharmacy Guild of Australia (National Secretariat)	1,826,563	2,324,202
Guild Insurance Limited	38,025	-
Gold Cross Products & Services Pty Limited	2,211	-
GuildLink Pty Limited	-	-
Guild Superannuation Services Pty Limited	-	-
Guild Group Holdings Limited	-	-
Meridian Lawyers Limited	562,599	-
Pharmacy Guild Sales and Valuations (NSW) Pty Limited	-	-
The Pharmacy Guild of Australia (ACT Branch)	3,053	8,253
The Pharmacy Guild of Australia (Northern Territory Branch)	-	652
The Pharmacy Guild of Australia (Queensland Branch)	5,378	10,608
The Pharmacy Guild of Australia (South Australia Branch)	3,558	1,369
The Pharmacy Guild of Australia (Tasmania Branch)	582	215
The Pharmacy Guild of Australia (Victoria Branch)	33,871	10,254
The Pharmacy Guild of Australia (Western Australia Branch)	842	1,152
Total cash outflows to related parties	2,476,682	2,356,705

20 Financial instruments - fair values and risk management

(a) Capital Management

The Guild's financial instruments consist of cash and cash equivalents, trade receivables and trade payables. Branch funds are invested in accordance with the Guild's Constitution whereby all monies are deposited with an accredited bank. The Branch manages liquidity risk by monitoring forecast cash flows and ensuring that adequate surplus funds are maintained to meet financial obligations.

When managing capital, the Guild's objective is to ensure that the organisation continues as a going concern as well as to maintain optimal benefits for stakeholders. The Guild also aims to maintain a capital structure that ensures the lowest cost of capital available to the organisation.

The Guild is not subject to any externally imposed capital requirements.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

20 Financial instruments - fair values and risk management (continued)

(b) Credit risk

The Guild continuously monitors defaults by customers and other counterparties and incorporates this information into its credit risk review. The Guild's management considers and tests all financial assets for impairment at each reporting date.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

In respect of trade and other receivables, the Guild is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables are on 30 day terms except for branch membership subscriptions which members can elect to pay by installments in accordance with the Guild's Constitution. No terms have been renegotiated during the year.

The provision for impairment has been increased to \$47,592 (2017: \$12,175). A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. Collateral is not held as security, nor is it the Guild's policy to transfer (on-sell) receivables.

The ageing of financial assets is as follows:

	2018	2017
0-30 days	1,081,779	535,311
31-60 days PDNI*	13,961	2,122,257
31-60 days CI*	-	-
61-90 days PDNI*	46,324	68,323
61-90 days CI*	-	-
+91 days PDNI*	95,743	2,231
+91 days CI*	47,592	12,175
	<u>1,285,398</u>	<u>2,740,297</u>

PDNI* Past due not considered impaired

CI* Considered to be impaired

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The organisation has material credit risk exposure within the pharmaceutical industry, given the majority of the Guilds members and customers operate within this industry.

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

20 Financial instruments - fair values and risk management (continued)

(c) Sensitivity Analysis

The Guild has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The Guild is exposed to changes in market interest rates through the cash held at banks which are subject to variable and fixed interest rates.

The following table illustrates the sensitivity of the net result for the year and the equity to a reasonably possible change in interest rates of + 1 % and -1 % (2017: + 1 % and -1 %), With the effect from the beginning of the year. These changes are considered to be reasonably possible based on observations of current market conditions.

The calculations are based on the Guild's financial instruments held at each balance date and exclude monies held in 'at call' accounts for the Methadone Incentive Scheme and Needle and Syringe Exchange government funded programs as bank interest received for these funds must be paid to the NSW State Government. All other variables are held constant.

<i>In AUD</i>	2018	2018	2017	2017
Net result for the year	151,322	(151,322)	34,199	(34,199)
Equity	151,322	(151,322)	34,199	(34,199)

The Guild does not have any foreign currency or other market exposures.

The financial assets and liabilities of the organisation are as follows:

<i>In AUD</i>	Note	Weighted average effective interest rate		Floating & fixed interest rate		Non-interest bearing	
		2018	2017	2018	2017	2018	2017
		%	%				
Financial assets							
Cash at bank and on hand	6	2.25	2.25	2,857,835	3,249,543	-	-
Short term bank deposit	6	2.45	2.70	4,074,712	13,000,000	-	-
Trade and other receivables	7	-	-	-	-	1,972,500	3,114,675
Total financial assets				6,932,548	16,249,543	1,972,500	3,114,675
Financial liabilities							
Trade and other payables	12	-	-	-	-	2,416,191	2,802,217
Total financial liabilities				-	-	2,416,191	2,802,217

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

21 Subsequent events

Subsequent to year-end, the Guild completed the purchase of and moved into its new head office in Bella Vista.

Other than the above, there have been no events subsequent to reporting date which would have a material affect on the Guild's financial statements as at 30 June 2018.

22 Contingent liabilities

The Guild's bankers have provided a bank guarantee of \$420,000 (2017: \$420,000) to ensure compliance with performance conditions arising from courses run relating to the learning and development revenue stream.

23 Operating leases

<i>In AUD</i>	2018	2017
Less than one year	106,062	370,608
Later than one year and not later than five years	40,230	146,292
Later than five years	-	-
	<u>146,292</u>	<u>516,900</u>

There are no subleasing arrangements in place at the reporting date. The Guild's significant leasing arrangements relate to non-cancellable office and printer rental agreements, there are no contingent rent, purchase or escalation clauses and no restrictions concerning dividends, debt or further leasing arrangements under the terms of the Guilds leases. For the year ended 30 June 2018, operating lease expenses of 376,916 (2017: 312,385) have been recognised in administration expenses.

24 Remuneration of auditors

<i>In AUD</i>	2018	2017
Audit of financial report	105,000	56,487
<i>Other services</i>		
Preparation of financial statements	9,000	-
Other assurance engagements	3,000	2,800
	<u>114,000</u>	<u>59,287</u>

25 NSW Government funding programs

The following programs operate throughout the state and are wholly funded by the NSW Government:

- Methadone incentive scheme
- Needle and syringe exchange
- Quit for new life

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

26 Specific requirements of the Fair Work (Registered Organisations) Act 2009

- The reporting entity is not reliant on agreed financial support from another reporting unit;
- The reporting entity has not agreed to provide financial support to another reporting unit to ensure they continue as a going concern;
- The reporting entity has not acquired an asset or a liability during the year as a result of an amalgamation, other restructure, or business combination;
- The reporting entity has not received any capitation fees;
- The reporting entity has not received financial support from another reporting unit;
- The reporting entity has not incurred fees as consideration for employers making payroll deductions of membership subscriptions;
- The reporting entity has not paid fees or allowances to persons to attend a conferences or other meeting as a representative of the reporting unit;
- The reporting entity has not had penalties imposed under the Fair Work (Registered Organisations) Act 2009;
- The reporting entity has no payables to employers as consideration for the employers making payroll deductions of membership subscriptions; and
- The reporting entity has no payables in respect of legal costs and other expenses related to litigation.

In AUD

Expenses incurred in connection with holding meetings of members of the reporting unit and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the reporting unit was wholly or partly responsible.

	2018	2017
	94,405	143,713

The Pharmacy Guild of Australia (NSW Branch)
Committee of management statement
For the year ended 30 June 2018

On 21 February 2019 the Committee of Management of The Pharmacy Guild of Australia (NSW Branch) ("Guild") passed the following resolution in relation the general purpose financial report ("GPFR") for the year ended 30 June 2018:

The Committee of Management declares that in its opinion:


- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 ("RO Act");
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position, cash flows and changes in equity of the Guild for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Guild will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of organisation including the rules of the branch concerned;
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of organisation including the rules of the branch concerned;
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act;
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting units have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation;
 - (v) where information has been sought in any request by a member of The Pharmacy Guild of Australia (NSW Branch) 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 Fair Work Commission under Section 273 of the RO Act, there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management.



David Heffernan
Branch President

Dated at Sydney this 21st day of February 2019



Feras Karem
Vice-President, Finance

Dated at Sydney this 21st day of February 2019



Independent Auditor's Report

To the members of The Pharmacy Guild of Australia (NSW Branch)

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of the Pharmacy Guild of Australia (NSW Branch) (the Branch).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the Pharmacy Guild of Australia (NSW Branch) as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with:

- Australian Accounting Standards; and
- 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)*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2018
- Statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Committee of Management Statement
- Subsection 255(2A) report.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Association 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 fulfilled our other ethical responsibilities in accordance with the Code.

Restriction on use and distribution

The Financial Report has been prepared to assist the members of the Branch in complying with the financial reporting requirements of the *Fair Work (Registered Organisations) Act 2009*.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of the Pharmacy Guild of Australia (NSW Branch) and the Registered Organisations Commission and should not be used by or distributed to parties other than the members of the Pharmacy Guild of Australia (NSW Branch) and the Registered Organisations Commission. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the members of the Pharmacy Guild of Australia (NSW Branch) and the Registered Organisations Commission or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in the Pharmacy Guild of Australia (NSW Branch)'s annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Committee of Management are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Operating Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does 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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Committee of Management for the Financial Report

The Committee of Management of the Branch are responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of the *Australian Accounting Standards* and the requirements of the *Fair Work (Registered Organisations) Act 2009*
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error
- assessing the Branch' ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association 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. They 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 this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar4.pdf. This description forms part of our Auditor's Report.

Report on other legal and regulatory requirements

Opinion

In our opinion, the Committee of Management's use of going concern basis of accounting in the preparation of the financial report is appropriate.

I am an approved auditor as defined by Regulation 4 of the *Fair Work (Registered Organisations) Act 2009*, a member of the Institute of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

KPMG

Sarah Cain
Partner

Melbourne
21 February 2019

Registration number under RO Act: AA2017/200
Registered Company Auditor number: 482939



Australian Government
Registered Organisations Commission

22 November 2018

Mr David Heffernan
Branch President
Pharmacy Guild of Australia, New South Wales Branch

By e-mail: governance@nsw.guild.org.au

Dear Mr Heffernan

Pharmacy Guild of Australia, New South Wales Branch
Financial Report for the year ended 30 June 2018 - FR2018/220

I acknowledge receipt of the financial report for the year ended 30 June 2018 for the Pharmacy Guild of Australia, New South Wales Branch (PGA-NSW). The financial report was lodged with the Registered Organisations Commission (ROC) on 30 October 2018.

The financial report has not been filed. I have examined the report and identified a number of matters, the details of which are set out below, that you are required to address before the report can be filed.

The operating report, committee of management statement, general purpose financial report (GPFR) and auditor's statement will require amendments. The amended reports will need to be provided to members, presented to a committee of management meeting, republished on the PGA-NSW website and lodged with the ROC.

The matters identified should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (the RO Act), *Fair Work (Registered Organisations) Regulations 2009* (the RO Regs), the 5th edition of the Reporting Guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards.

1. Documents not lodged

Missing documents

Section 253 of the RO Act requires that a reporting unit cause a general purpose financial report (GPFR) to be prepared. The GPFR must consist of a statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement, notes to the financial statements and the subsection 255(2A) expenditure report (see RO Act section 253 and AASB 101 *Presentation of Financial Statements* paragraph 10). I note that the financial statements provided do not include subsection 255(2A) expenditure report. The PGA-NSW is therefore required to prepare a GPFR that includes all the required statements.

2. Non-compliance with previous requests

While we filed last year's financial report, we raised certain issues for the reporting unit to address in the preparation of future financial reports. I note that the same error has appeared in the current report, namely capitation fees were not disclosed in accordance with reporting guideline 14(b).

The ROC aims to assist reporting units in complying with their obligations under the RO Act and reporting guidelines by providing advice about the errors identified in financial reports. The ROC is unable to file this report until the abovementioned errors have been addressed. Failure to address these issues may lead to the Commissioner exercising his powers under section 330 of the RO Act.

3. Operating report

Trustee of superannuation entity

Subsection 254(2)(d) of the RO Act requires details of any officer or member of the reporting unit who is a trustee, or a director of a company that is a trustee, of a superannuation entity or an exempt public sector superannuation scheme.

If no officer or member of the reporting unit is a trustee of a superannuation entity, the preferred wording to satisfy the subsection 254(2)(d) is:

No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Please amend the operating report, provide the amended report to members and resubmit to the ROC.

4. 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-NSW committee of management statement, at reference **(e)(vi)**, refers to the 'Registered Organisations Commission'. Please amend this reference to the 'Fair Work Commission'.

5. General purpose financial report (GPFR)

Basis for consolidation

Australian Accounting Standard *AASB 101 Presentation of Financial Statements* paragraphs 117(b) and 122 detail the reporting disclosures required by an entity in relation to consolidation of financial statements. This information has not been provided.

Please amend the GPFR accordingly.

Operating Leases

Australian Accounting Standard *AASB 117 Leases* specify the disclosure requirements for operating leases.

Note 23 to the GPFR provides some information in regard to operating leases but not all the disclosures required by *AASB 117* paragraph 35.

Please amend the GPFR accordingly.

Property, plant and equipment – at fair value

During the 2017-18 financial year the PGA-NSW revalued the asset class 'Works of art'. Where assets are revalued to fair value the Australian Accounting Standards require the following additional disclosures:

- Australian Accounting Standard *AASB 116 Property, Plant and Equipment* paragraph 77; and
- Australian Accounting Standard *AASB 13 Fair Value Measurement*.

Please amend the GPFR accordingly.

Disclosure of capitation and affiliation fees

The PGA-NSW statement of profit or loss report discloses combined 'Capitation and affiliation fees'. The reporting guidelines require these amounts to be disclosed separately as follows:

Reporting guideline 14(b) requires capitation fees (however described) or other expenditure to another reporting unit, the description(s) of the kind of expense, the amount(s) to and the name(s) of each such other reporting unit are to be disclosed in either the statement of comprehensive income or the notes.

Reporting guideline 14(c) requires separate disclosure of affiliation fees paid to political parties and industrial bodies to be made. This includes disclosing the amount paid to each entity and the name of each entity to which monies were paid.

Please amend the GPFR accordingly.

Disclosure of employee expenses to office holders and other employees

The reporting guidelines require reporting units to disclose in the statement of comprehensive income or in the notes to the financial statements employee expenses to holders of office (item 14(f)) and employee expenses to other employees (item 14(g)). Items 14(f) and 14(g) of the reporting guidelines also require these expenses to be separately disclosed as follows:

- Wages and salaries;
- Superannuation;
- Leave and other entitlements;
- Separation and redundancies; and
- Other employee expenses.

I note that the Note 5C does not distinguish between employee expenses for office holders and other employees, nor does it separately disclose the employee expenses based on the categories indicated above.

Please amend the GPFR accordingly.

Disclosure of audit fees

Australian Accounting Standard *AASB 1054 Australian Additional Disclosures* paragraph 10 requires the financial statements to separately disclose amounts paid to the auditor for the audit or review of the financial statements and for all other services performed.

The PGA-NSW statement of profit or loss discloses audit fees but does not break down this expenditure as described above. It should be noted that if any of the audit fee relates to other services performed, then a description of the nature of the other services must be provided (refer to *AASB 1054* paragraph 11).

Please amend the GPFR accordingly.

Receivable and/or payable with another reporting unit

Reporting guideline 15 requires either the statement of financial position or the notes to disclose any receivables from and/or payables owed to other reporting unit(s), including the name of the other reporting unit(s). This information has not been fully disclosed.

Note 8 to the GPFR discloses a combined figure for 'National secretariat and related party receivables' and Note 12 discloses a combined figure for 'National secretariat and related party payables'.

The amounts are to be disclosed separately in accordance with reporting guideline 15.

Please amend the GPFR accordingly.

Disclosure of employee provisions to office holders and other employees

The reporting guidelines also require either the statement of financial position or the notes to disclose any liability for employee benefits in respect of office holders and other employees (items 16(c) and 16(d)). Items 16(c) and 16(d) of the reporting guidelines also require these provisions to be separately disclosed as follows:

- Annual leave;
- Long service leave;
- Separation and redundancies; and
- Other employee provisions.

The Note 13 to the GPFR discloses this liability but does not distinguish between provisions for office holders and other employees, nor does it separately disclose the employee provisions based on the categories indicated above.

Please amend the GPFR accordingly.

Notes to the cash flow statement

Reporting guideline 18 states:

Where another reporting unit and/or controlled entity of the organisation is the source of a cash inflow or the application of a cash outflow, the following details of such cash flow should be separately disclosed either in the cash flow statement or in the notes to the financial statements:

- i. the name of the other reporting unit and/or controlled entity concerned;
and
- ii. the amount paid to/received from each.

This is in addition to the requirement to disclose capitation fees to/from another reporting unit (Reporting Guideline 13(b) and 14(b)).

Please update the cash flow statement or Note 19 to provide the appropriate disclosures relating to cash flows to and from another reporting unit/controlled entity.

Nil activities – not disclosed

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

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

- Item 11 – agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)

If no undertaking to provide financial support has been provided the following statement should be included:

The PGA-NSW has not agreed to provide financial support to ensure another reporting unit has the ability to continue as a going concern.

- Item 13(e) – receive revenue from undertaking recovery of wages activity
- Item 14(e)(i) – pay a grants that was \$1,000 or less

6. Auditor's statement

Auditor's opinion on committee of management statement

The scope of the auditor's statement on the financial report is to include the committee of management statement (RO Act section 253(2)(c) and item 28 of the reporting guidelines).

The auditor's statement in relation to the PGA-NSW financial report states in the 'opinion' section that the committee of management statement is within the scope of the audit. However, the 'other information' section incorrectly states that the committee of management statement does not form part of the auditor's opinion.

Please arrange for the auditor to amend the auditor's statement to ensure that it is clear that the committee of management statement is included within the scope of the auditor's opinion.

s.255(2A) expenditure report

Please ensure that the s.255(2A) expenditure report is included within the scope of the audit in regard to the PGA-NSW amended financial report.

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 NSW Branch

s.268 *Fair Work (Registered Organisations) Act 2009*

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER¹

Certificate for the year ended 30th June 2018

I, Caroline Argent, being the Branch Director of the Pharmacy Guild of Australia NSW Branch certify:

- that the documents lodged herewith are copies of the full report for the *Pharmacy Guild of Australia NSW Branch* for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on Monday 24th September 2018; and
- that the full report was presented to a general meeting of members of the reporting unit on Thursday 25th October 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:

Name of prescribed designated officer: Caroline Argent

Title of prescribed designated officer: NSW Branch Director

Dated: 29th October 2018

¹ Regulation 162 of the *Fair Work (Registered Organisations) Regulations 2009* defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268(c) as:
(a) the secretary; or
(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

New South Wales Branch

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ABN 87 740 877 429



**The Pharmacy Guild of Australia (NSW
Branch)**

ABN 87 740 877 429

FULL REPORT CONSISTING OF

- OPERATING REPORT
- GENERAL PURPOSE FINANCIAL REPORT
- AUDITOR'S REPORT

30 JUNE 2018

The Pharmacy Guild of Australia (NSW Branch)

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The Pharmacy Guild of Australia (NSW Branch)

Operating report

For the year ended 30 June 2018

The committee presents its report on The Pharmacy Guild of Australia (NSW Branch) for the financial year ended 30 June 2018.

(a) Review of principal activities:

- (i) The Pharmacy Guild of Australia (NSW Branch) is an employers' organisation servicing the needs of proprietors of independent community pharmacies and representing their interests in industrial matters.
- (ii) The Pharmacy Guild of Australia (NSW Branch) has continued to assist the National Council and the National Executive of The Pharmacy Guild of Australia in carrying out the overall policy and objectives of the Guild.
- (iii) Included in the Annual Report are the various reports compiled by The Pharmacy Guild of Australia (NSW Branch) State President, Branch Director and Officers outlining the activities for the year. There were no significant changes in the nature of these activities during the year under review.

(b) Significant changes in financial affairs:

There have been no significant changes during the year.

(c) Right of members to resign:

Under Section 174 of the Fair Work (Registered Organisations) Act 2009, a member may resign from membership by written notice addressed and delivered to the Branch Director in accordance with Rule 36 of the Guild's Constitution.

(d) Number of members:

As at 30 June 2018 the number of members of The Pharmacy Guild of Australia (NSW Branch) was 1,372 (2017: 1,312) including Honorary Life & 50 Year Life Members.

(e) Number of employees:

As at 30 June 2018 the number of employees of The Pharmacy Guild of Australia (NSW Branch) was 31 (2017: 35).

(f) Names of Branch Committee members during the financial year:

In accordance with Regulation 159(c) of the Fair Work (Registered Organisations) Regulations 2009 the following persons were members of the Branch Committee during the financial year:

1 July 2017 - 30 June 2018

Mario Barone	John Black	Phil Dibben*	Gregory Everett
Feras Karem	Paul Jones	David Heffernan	Binh Luu
George Mendria*	Rick Samimi	Richard Walsh	Adele Tahan
Caroline Diamantis	Judy Plunkett	Catherine Bronger	Karen Carter**
Sally Sheehan**			

*Ceased on 19 October 2017

**Appointed 19 October 2017



David Heffernan

Branch President

Dated at Sydney this 13th day of September 2018

The Pharmacy Guild of Australia (NSW Branch)
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

<i>In AUD</i>	Notes	2018	2017
Revenue			
Membership subscriptions revenue		3,454,047	3,701,177
Grant revenue	4A	4,102,847	4,635,245
Learning & development revenue		688,470	739,350
National secretariat funding revenue		1,208,940	1,659,521
Commissions revenue		351,757	815,645
Certification revenue		314,318	380,900
Rental revenue		5,127	40,406
Other revenue		70,681	828,148
Total revenue		10,196,186	12,800,392
Expenses			
Depreciation and amortisation	5A	240,602	154,160
Legal fees	5B	110,144	157,386
Employee expenses	5C	3,330,639	3,738,998
Grants or donations		30,945	16,773
Program related costs	5E	3,648,284	4,209,551
Audit fees		129,750	59,287
Bank fees and charges		22,900	32,786
Capitation and affiliation fees		1,309,963	2,041,937
Administration expenses	5F	1,598,961	2,475,922
Other expenses	5G	383,424	662,219
Total expenses		10,805,612	13,549,019
Interest income		317,733	293,676
Net finance income		317,733	293,676
Deficit for the year		(291,693)	(454,951)
Other Comprehensive Income			
<i>Items that will be subsequently reclassified to profit or loss</i>			
Gain on revaluation of artworks	15	132,810	-
Total other comprehensive income for the year		132,810	-
Total comprehensive loss for the year		(158,883)	(454,951)

These statements should be read in conjunction with the accompanying notes.

The Pharmacy Guild of Australia (NSW Branch)

Statement of financial position

As at 30 June 2018

In AUD

	Note	2018	2017
Current assets			
Cash and cash equivalents	7	6,932,548	16,249,543
Trade and other receivables	8	1,972,500	3,114,675
Inventories		-	9,652
Other current assets	9	250,910	263,269
Total current assets		9,155,957	19,637,139
Non-current assets			
Financial assets	10	34	34
Property, plant and equipment	11	8,255,257	332,880
Total non-current assets		8,255,291	332,914
Total assets		17,411,248	19,970,053
Current liabilities			
Trade and other payables	12	2,416,191	2,802,217
Deferred income	14	1,745,145	3,692,074
Employee provisions	13	185,732	215,297
Total current liabilities		4,347,067	6,709,588
Non-current liabilities			
Employee provisions	13	83,849	121,250
Total non-current liabilities		83,849	121,250
Total liabilities		4,430,916	6,830,838
Net assets		12,980,332	13,139,215
Equity			
Reserves	15	205,558	72,748
Retained earnings		12,774,774	13,066,467
Total equity		12,980,332	13,139,215

These statements should be read in conjunction with the accompanying notes.

The Pharmacy Guild of Australia (NSW Branch)

Statement of changes in equity

For the year ended 30 June 2018

<i>In AUD</i>	Retained earnings	Asset revaluation reserve	Total equity
Balance at 1 July 2016	7,692,744	6,072,932	13,765,676
Deficit for the year	(454,951)	-	(454,951)
<i>Other comprehensive income</i>			
Gain on revaluation of artworks	-	-	-
Total comprehensive income for the year	(454,951)	-	(454,951)
Transfer on sale of land and buildings	5,828,674	(6,000,184)	(171,510)
Balance at 30 June 2017	13,066,467	72,748	13,139,215
Balance at 1 July 2017	13,066,467	72,748	13,139,215
Deficit for the year	(291,693)	-	(291,693)
<i>Other comprehensive income</i>			
Gain on revaluation of artworks	-	132,810	132,810
Total comprehensive income for the year	(291,693)	132,810	(158,883)
Balance at 30 June 2018	12,774,774	205,558	12,980,332

These statements should be read in conjunction with the accompanying notes.

The Pharmacy Guild of Australia (NSW Branch)

Statement of cash flows

For the year ended 30 June 2018

<i>In AUD</i>	Note	2018	2017
Cash flows from operating activities			
Receipts from customers		10,145,187	11,899,579
Payments to suppliers, employees and others		(11,749,746)	(12,618,954)
Interest received		317,733	293,676
Net cash outflow from operating activities	<i>19(b)</i>	<u>(1,286,826)</u>	<u>(425,699)</u>
Cash flows from investing activities			
Proceeds from the disposal of property, plant and equipment		6,004	10,050,000
Payments for acquisition of property, plant and equipment		(8,036,173)	(323,546)
Net cash used in/ (from) investing activities		<u>(8,030,169)</u>	<u>9,726,454</u>
Net (decrease)/ increase in cash and cash equivalents		(9,316,995)	9,300,755
Cash and cash equivalents at beginning of financial year		16,249,543	6,948,788
Cash and cash equivalents at end of financial year	<i>7,19(a)</i>	<u>6,932,548</u>	<u>16,249,543</u>

These statements should be read in conjunction with the accompanying notes.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements

For the year ended 30 June 2018

Note 1 Reporting entity

The financial report is for the entity Pharmacy Guild of Australia (NSW Branch) ("Guild") as an individual entity. The Branch is registered under the Fair Work (Registered Organisations) Act 2009. In accordance with the Act the Branch is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Branch is not subject to the Corporations Act.

The Pharmacy Guild of Australia (NSW Branch) is a not-for-profit entity, the nature of the operations and principal activities of the Guild are as described in the Operating Report. The principal place of business of The Pharmacy Guild of Australia (NSW Branch) is 100 Christie Street, St Leonards, NSW 2065.

The financial report of The Pharmacy Guild of Australia (NSW Branch) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution passed by the Committee of Management on 13 September 2018.

Note 2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the disclosure requirements of the Fair Work (Registered Organisations) Act 2009.

The reporting guidelines made under section 255 of the Fair Work (Registered Organisations) Act 2009 require all reporting units to apply the Tier 1 reporting requirements as per Australian Accounting Standard AASB 1053 Application for Tiers of Australian Accounting Standards. As such the branch committee of management has prepared a full set of financial statements with all Tier 1 disclosure requirements.

(b) Basis of measurement

The financial report has been prepared on a historical costs basis modified by the revaluation of selected property, plant and equipment asset classes as per Note 3 (e).

(c) Functional and presentational currency

The financial report is presented in Australian dollars, which is the Guild's functional currency.

(d) Comparative information

To conform with current year presentation certain prior year comparative figures have been reclassified. In the opinion of the Committee of Management, these changes in presentation are not material to the financial report.

(e) New standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2017 and earlier application is permitted; however, the Guild has not early adopted the new or amended standards in preparing the financial report.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements

For the year ended 30 June 2018

Note 2 Basis of preparation (continued)

(e) New standards issued but not yet effective (continued)

(i) AASB 9 Financial Instruments (2014)

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Guild is assessing the potential impact on its financial report resulting from the application of AASB 9.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2019. The Guild is assessing the potential impact on its financial report resulting from the application of AASB 15.

(iii) AASB 16 Leases

AASB 16 removes all classification of leases as either operating or finance leases – for the lessee, effectively treating all leases as finance leases. Short-term (less than 12 months) and leases of low value assets are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will not recognise a front loaded pattern of expenses for most leases, even when they pay constant rentals.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that have also adopted AASB 15. The Guild is assessing the potential impact on its financial report resulting from the application of AASB 16.

(iv) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities for the recognition of income. Under AASB 1058, the timing of income recognition will depend on whether a transaction gives rise to a performance obligation, liability or contribution by owners. It replaces the existing requirements in AASB 1004 Contributions.

AASB 1058 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that have also adopted AASB 15. The Guild is assessing the potential impact on its financial report resulting from the application of AASB 1058.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Income tax

Under Section 50-15 of the Income Tax Assessment Act 1997, the income of The Pharmacy Guild of Australia (NSW Branch) is exempt from income tax.

(b) Revenue

(i) Membership subscriptions revenue

Revenue from subscriptions is recognised in the year to which the subscription relates when recovery of the consideration is considered probable and the amount of revenue can be measured reliably.

(ii) Grant revenue

Revenue from government grants is recognised on a systematic basis over the periods in which the Guild recognises as expenses the related program costs which the grant is intended to compensate. Government grants are only recognised when the Guild is able to comply with the conditions attached to the grant and received of the grant monies is considered probable.

(iii) Learning & development revenue

Revenue from guild and other educational courses is recognised on a straight-line basis as the course is delivered based on the percentage of the course delivered and completed when recovery of the consideration is considered probable and the amount of revenue can be measured reliably.

(iv) Service revenue

Revenue from services is recognised through profit or loss when the services are performed when recovery of the consideration is probable and the amount of revenue can be measured reliably. Revenue from services incorporates; National secretariat funding revenue, commissions revenue, rental revenue and certification revenue.

(ii) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

From time to time, the Guild will receive upfront payment for services to be rendered. Collections received in advance of the time of revenue recognition, as noted above, are recognised as deferred income until the revenue recognition criteria is satisfied.

(c) Net finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(d) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand, and have original maturities of less than 3 months which are used in the cash management function on a day to day basis.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 3 Significant accounting policies

(e) Property, plant and equipment

Property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Building fit out, plant and equipment and capital works in progress are measured on a cost basis, whilst Works of art are measured on a fair value basis.

Valuations of the Guild's Works of art are obtained whenever there is an indication of a material change in the fair value, and at least every 3 years, with movements in the fair value recognised in the asset revaluation reserve.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The carrying amount of property, plant and equipment is reviewed annually by the branch committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use, with value in use being determined as the written-down current cost (depreciated replacement cost) of the asset.

(i) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Guild, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Guild commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.50%
Plant and Equipment	10-33%
Building fit out	Lower of 20% or lease term

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 3 Significant accounting policies

(f) Employee benefits

(i) Defined contribution plans - superannuation

A defined contribution plan is a post-employment benefit plan under which an organisation pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Other long-term employee benefits

The Guild's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value using Miliman rates. Remeasurements are recognised in profit or loss in the period in which they arise.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or other incentive plans if the Guild has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(g) Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown exclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Impairment of assets

At each reporting date, the Guild reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

As the Guild is a not-for-profit organisation, where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 3 Significant accounting policies

(j) Financial instruments

(i) Non-derivative financial assets

Financial assets are recognised initially on the date at which the Guild becomes a party to the contractual provisions of the instrument.

The Guild derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Guild is recognised as a separate asset or liability.

The Guild has the following non-derivative financial assets: Trade and other receivables, and cash and cash equivalents.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date, which is the date that the Guild becomes a party to the contractual provisions of the instrument. The Guild derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Guild has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Guild has the following non-derivative financial liabilities: Trade and other payables.

(k) Critical accounting estimates and judgements

The Branch Committee evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events based on current trends and economic data, obtained both externally and within the group.

Key estimates - Provision for doubtful debts

The Branch Committee assesses the provision for doubtful debts by reviewing trade and other receivables at each balance date and determining if there are indications that amounts owing to the guild are not recoverable.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 4 Revenue

4A: Grant revenue

<i>In AUD</i>	2018	2017
Methadone incentive scheme funding	1,535,993	2,821,807
Needle and syringe exchange funding	2,470,293	1,503,004
Quit for new life funding	92,302	90,044
Other grants	4,260	220,390
	<u>4,102,847</u>	<u>4,635,245</u>

Note 5 Expenses

5A: Depreciation and amortisation

<i>In AUD</i>	2018	2017
Buildings and leasehold improvements	164,162	83,400
Plant and equipment	76,440	70,760
	<u>240,602</u>	<u>154,160</u>

5B: Legal costs

<i>In AUD</i>	2018	2017
Litigation	-	-
Other legal matters	110,144	157,386
	<u>110,144</u>	<u>157,386</u>

5C: Employee benefit expenses

<i>In AUD</i>	2018	2017
Salaries and wages	2,510,787	2,902,887
Superannuation	285,764	367,258
Leave and other entitlements	230,122	(44,989)
Separation and redundancies	125,162	284,389
Other employee expenses	178,804	229,453
Total employee expenses	<u>3,330,639</u>	<u>3,738,998</u>

5D: Grants or donations

<i>In AUD</i>	2018	2017
Grants that exceeded \$1,000	3,600	-
Donations that were \$1,000 or less	3,054	4,600
Donations that exceeded \$1,000	25,045	12,173
	<u>31,699</u>	<u>16,773</u>

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 4 Expenses (continued)

5E: Program Related Costs

<i>In AUD</i>	2018	2017
Methadone incentive scheme payments	1,311,937	2,952,650
Needle & syringe exchange payments	2,241,844	1,140,995
Quit for new life payments	94,503	81,294
Other programs	-	34,612
	<u>3,648,284</u>	<u>4,209,551</u>

5F: Administrative expenses

<i>In AUD</i>	2018	2017
Consultancy and contractors fees	298,348	492,497
Property expenses	413,040	469,483
Information communication technology	443,192	366,600
Office expenses	175,072	510,240
Conference and meeting expenses	189,502	110,123
Other administrative expenses	79,807	526,979
Compulsory levies	-	-
Consideration to employers for payroll deductions of membership subscriptions	-	-
	<u>1,598,961</u>	<u>2,475,922</u>

5G: Other Expenses

<i>In AUD</i>	2018	2017
Travel and accommodation expenses	157,138	264,323
Marketing expenses	121,902	133,440
Recruitment and training costs	65,077	219,912
Insurance	39,307	44,544
	<u>383,424</u>	<u>662,219</u>

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

Note 6 Key management personnel remuneration

<i>In AUD</i>	2018	2017
Short-term employee benefits		
Salaries	792,476	1,662,950
Non-cash benefits	29,996	14,905
Post-employment benefits		
Superannuation	66,317	172,926
	<u>888,789</u>	<u>1,850,781</u>

The number of people included as key management personnel is 22 (2017:15), consisting of branch committee members and senior management personnel.

Note 7 Cash and cash equivalents

<i>In AUD</i>	2018	2017
Cash at bank and on hand	2,857,835	3,419,943
Short term deposits	4,074,712	13,000,000
	<u>6,932,548</u>	<u>16,419,943</u>

Note 8 Trade and other receivables

<i>In AUD</i>	2018	2017
Trade receivables		
National secretariat and related party receivables	779,902	-
Other debtors	505,496	2,740,297
	<u>1,285,398</u>	<u>2,740,297</u>
Provision for doubtful debts	(47,592)	(12,175)
	<u>1,237,805</u>	<u>2,728,122</u>
Accrued income	733,907	385,765
Sundry receivables	788	788
	<u>1,972,500</u>	<u>3,114,675</u>

Trade receivables are generally on 30 day terms except for branch membership subscriptions which members can elect to pay by instalments in accordance within the Guild's Constitution. A provision for doubtful debts is recognised when there is objective evidence that an individual trade receivable is considered to be impaired.

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

Note 9 Other current assets

<i>In AUD</i>	2018	2017
Prepayments	80,510	92,869
Rental security deposit	170,400	170,400
	<u>250,910</u>	<u>263,269</u>

Note 10 Financial assets

<i>In AUD</i>	2018	2017
Shares in controlled entities - at cost (note 16)	34	34
	<u>34</u>	<u>34</u>

Note 11 Property, plant and equipment

<i>In AUD</i>	2018	2017
Building fit out, at cost	261,654	290,233
Accumulated depreciation	(225,808)	(83,400)
	<u>35,846</u>	<u>206,833</u>
Plant and equipment, at cost	290,494	341,533
Accumulated depreciation	(150,053)	(296,976)
	<u>140,441</u>	<u>44,557</u>
Capital works in progress, at cost	7,864,670	-
	<u>7,864,670</u>	<u>-</u>
Works of art, at fair value	214,300	81,490
	<u>214,300</u>	<u>81,490</u>
Total property, plant and equipment	<u>8,255,257</u>	<u>332,880</u>

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 11 Property, plant and equipment (continued)

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year are presented below.

	Opening Balance	Additions	Revaluations	Depreciation	Disposals	Closing Balance
<i>In AUD</i>						
2018						
Building fit out	206,833	-	-	(164,162)	(6,825)	35,846
Plant and equipment	44,557	172,324	-	(76,440)	-	140,441
Capital works in progress	-	7,864,670	-	-	-	7,864,670
Works of art	81,490	-	132,810	-	-	214,300
Total	332,880	8,036,994	132,810	(240,602)	(6,825)	8,255,257
2017						
Building fit out	-	290,233	-	(83,400)	-	206,833
Plant and equipment	100,423	33,313	-	(70,760)	(18,419)	44,557
Capital works in progress	-	-	-	-	-	-
Works of art	81,490	-	-	-	-	81,490
Total	181,913	323,546	-	(154,160)	(18,419)	332,880

Note 12 Trade and other payables

<i>In AUD</i>	2018	2017
Trade payables	1,123,403	639,399
National secretariat and related party payables	222,558	-
Accrued expenses	1,070,230	2,162,818
	2,416,191	2,802,217

Note 13 Employee provisions

<i>In AUD</i>	2018	2017
Current		
Liability for annual leave	185,732	215,297
	185,732	215,297
Non-current		
Liability for long service leave	83,849	121,250
	83,849	121,250

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2018

Note 14 Deferred income

<i>In AUD</i>	2018	2017
Membership subscriptions in advance	1,464,981	1,665,342
Other deferred income	280,164	2,026,732
	<u>1,745,145</u>	<u>3,692,074</u>

Note 15 Reserves

<i>In AUD</i>	2018	2017
Asset revaluation reserve	<u>205,558</u>	<u>72,748</u>
Reconciliation of movements in the asset revaluation reserve		
Opening balance	72,748	6,072,932
Revaluation of works of art	132,810	-
Transfer to retained earnings on sale of land and building	-	(6,000,184)
Closing balance	<u>205,558</u>	<u>72,748</u>

Other specific disclosures - funds

Compulsory levy	-	-
Other fund(s) required by rules	-	-

Note 16 Controlled entities

Name	% Ownership interest		Investment at cost	
	2018	2017	2018	2017
Pharmacy Guild Services (NSW) Pty Ltd	100	100	22	22
Pharmacy Guild Sales & Valuations (NSW) Pty Ltd	100	100	12	12

Pharmacy Guild Services (NSW) Pty Ltd is the intermediate holding company for Pharmacy Guild Sales & Valuations (NSW) Pty Ltd, the controlled entities are incorporated in Australia. Both controlled entities had a nil contribution towards the deficit for the year (2017: nil).

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

19 Cash flow information

(a) Reconciliation of cash

Cash at the end of financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2018	2017
Cash on hand	436	500
Cash at bank	2,857,399	3,249,043
Short term deposits	4,074,712	13,000,000
	<u>6,932,548</u>	<u>16,249,543</u>

(b) Reconciliation of net cash flows from operating activities with operating profit after income tax

Operating (deficit)	(291,693)	(454,951)
Non-cash flows in operating profit		
- Depreciation and amortization	240,602	154,160
- Net impact on sale of property plant and equipment	-	(171,510)
- Net loss on sale of plant and equipment	-	18,418
<i>Changes in assets and liabilities:</i>		
Decrease in trade and other receivables	1,142,175	2,545,587
Decrease/(increase) in other assets	12,359	(206,461)
Decrease/(increase) in inventories	9,652	(9,652)
(Decrease)/increase in trade and other payables	(386,026)	983,421
(Decrease) in deferred income	(1,946,929)	(3,238,829)
(Decrease) in employee provisions	(66,966)	(45,882)
Cash flows from operations	<u>(1,286,826)</u>	<u>(425,699)</u>

20 Financial instruments - fair values and risk management

(a) Capital Management

The Guild's financial instruments consist of cash and cash equivalents, trade receivables and trade payables. Branch funds are invested in accordance with the Guild's Constitution whereby all monies are deposited with an accredited bank. The Branch manages liquidity risk by monitoring forecast cash flows and ensuring that adequate surplus funds are maintained to meet financial obligations.

When managing capital, the Guild's objective is to ensure that the organisation continues as a going concern as well as to maintain optimal benefits for stakeholders. The Guild also aims to maintain a capital structure that ensures the lowest cost of capital available to the organisation.

The Guild is not subject to any externally imposed capital requirements.

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)

For the year ended 30 June 2018

20 Financial instruments - fair values and risk management (continued)

(b) Credit risk

The Guild continuously monitors defaults by customers and other counterparties and incorporates this information into its credit risk review. The Guild's management considers and tests all financial assets for impairment at each reporting date.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

In respect of trade and other receivables, the Guild is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables are on 30 day terms except for branch membership subscriptions which members can elect to pay by installments in accordance with the Guild's Constitution. No terms have been renegotiated during the year.

The provision for impairment has been increased to \$47,592 (2017: \$12,175). A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. Collateral is not held as security, nor is it the Guild's policy to transfer (on-sell) receivables.

The ageing of financial assets is as follows:

	2018	2017
0-30 days	1,081,779	535,311
31-60 days PDNI*	13,961	2,122,257
31-60 days CI*	-	-
61-90 days PDNI*	46,324	68,323
61-90 days CI*	-	-
+91 days PDNI*	95,743	2,231
+91 days CI*	47,592	12,175
	<u>1,285,398</u>	<u>2,740,297</u>

PDNI* Past due not considered impaired

CI* Considered to be impaired

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The organisation has material credit risk exposure within the pharmaceutical industry, given the majority of the Guilds members and customers operate within this industry.

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2018

20 Financial instruments - fair values and risk management (continued)

(c) Sensitivity Analysis

The Guild has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The Guild is exposed to changes in market interest rates through the cash held at banks which are subject to variable and fixed interest rates.

The following table illustrates the sensitivity of the net result for the year and the equity to a reasonably possible change in interest rates of + 1 % and -1 % (2017: + 1 % and -1 %), With the effect from the beginning of the year. These changes are considered to be reasonably possible based on observations of current market conditions.

The calculations are based on the Guild's financial instruments held at each balance date and exclude monies held in 'at call' accounts for the Methadone Incentive Scheme and Needle and Syringe Exchange government funded programs as bank interest received for these funds must be paid to the NSW State Government. All other variables are held constant.

<i>In AUD</i>	2018	2018	2017	2017
Net result for the year	151,322	(151,322)	34,199	(34,199)
Equity	151,322	(151,322)	34,199	(34,199)

The Guild does not have any foreign currency or other market exposures.

The financial assets and liabilities of the organisation are as follows:

<i>In AUD</i>	Note	Weighted average effective interest rate		Floating & fixed interest rate		Non-interest bearing	
		2018	2017	2018	2017	2018	2017
		%	%				
Financial assets							
Cash at bank and on hand	6	2.25	2.25	2,857,835	3,249,543	-	-
Short term bank deposit	6	2.45	2.70	4,074,712	13,000,000	-	-
Trade and other receivables	7	-	-	-	-	1,972,500	3,114,675
Total financial assets				6,932,548	16,249,543	1,972,500	3,114,675
Financial liabilities							
Trade and other payables	12	-	-	-	-	2,416,191	2,802,217
Total financial liabilities				-	-	2,416,191	2,802,217

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)

For the year ended 30 June 2018

21 Subsequent events

Subsequent to year-end, the Guild completed the purchase of and moved into its new head office in Bella Vista.

Other than the above, there have been no events subsequent to reporting date which would have a material affect on the Guild's financial statements as at 30 June 2018.

22 Contingent liabilities

The Guild's bankers have provided a bank guarantee of \$420,000 (2017: \$420,000) to ensure compliance with performance conditions arising from courses run relating to the learning and development revenue stream.

23 Operating leases

<i>In AUD</i>	2018	2017
Less than one year	104,571	346,764
Between one and five years	41,720	146,291
	<u>146,291</u>	<u>493,055</u>

24 NSW Government funding programs

The following programs operate throughout the state and are wholly funded by the NSW Government:

- Methadone incentive scheme
- Needle and syringe exchange
- Quit for new life

25 Specific requirements of the Fair Work (Registered Organisations) Act 2009

- The reporting entity is not reliant on agreed financial support from another reporting unit;
- The reporting entity has not acquired an asset or a liability during the year as a result of an amalgamation, other restructure, or business combination;
- The reporting entity has not received any capitation fees;
- The reporting entity has not received financial support from another reporting unit;
- The reporting entity has not incurred fees as consideration for employers making payroll deductions of membership subscriptions;
- The reporting entity has not paid fees or allowances to persons to attend a conferences or other meeting as a representative of the reporting unit;
- The reporting entity has not had penalties imposed under the Fair Work (Registered Organisations) Act 2009;
- The reporting entity has no payables to employers as consideration for the employers making payroll deductions of membership subscriptions; and
- The reporting entity has no payables in respect of legal costs and other expenses related to litigation.

<i>In AUD</i>	2018	2017
Expenses incurred in connection with holding meetings of members of the reporting unit and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the reporting unit was wholly or partly responsible.	94,405	143,713

The Pharmacy Guild of Australia (NSW Branch)
Committee of management statement
For the year ended 30 June 2018

On 13 September 2018 the Committee of Management of The Pharmacy Guild of Australia (NSW Branch) ("Guild") passed the following resolution in relation the general purpose financial report ("GPFR") for the year ended 30 June 2018:

The Committee of Management declares that in its opinion:

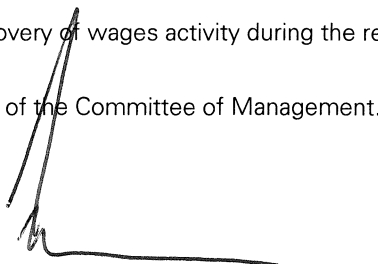
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 ("RO Act");
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position, cash flows and changes in equity of the Guild for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Guild will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of organisation including the rules of the branch concerned;
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of organisation including the rules of the branch concerned;
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act;
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting units have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation;
 - (v) where information has been sought in any request by a member of The Pharmacy Guild of Australia (NSW Branch) 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.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management.



David Heffernan
Branch President

Dated at Sydney this 13th day of September 2018



Feras Karem
Vice-President, Finance

Dated at Sydney this 13th day of September 2018



Independent Auditor's Report

To the members of The Pharmacy Guild of Australia (NSW Branch)

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of the Pharmacy Guild of Australia (NSW Branch) (the Branch).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the Pharmacy Guild of Australia (NSW Branch) as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with:

- Australian Accounting Standards; and
- 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)*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2018
- Statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Committee of Management Statement.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Association 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 fulfilled our other ethical responsibilities in accordance with the Code.

Restriction on use and distribution

The Financial Report has been prepared to assist the members of the Branch in complying with the financial reporting requirements of the *Fair Work (Registered Organisations) Act 2009*.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of the Pharmacy Guild of Australia (NSW Branch) and the Registered Organisations Commission and should not be used by or distributed to parties other than the members of the Pharmacy Guild of Australia (NSW Branch) and the Registered Organisations Commission. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the members of the Pharmacy Guild of Australia (NSW Branch) and the Registered Organisations Commission or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in the Pharmacy Guild of Australia (NSW Branch)'s annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Committee of Management are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Operating Report and the Committee of Management Statement.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does 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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Committee of Management for the Financial Report

The Committee of Management of the Branch are responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of the *Australian Accounting Standards* and the requirements of the *Fair Work (Registered Organisations) Act 2009*
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error
- assessing the Branch' ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association 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. They 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 this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar4.pdf. This description forms part of our Auditor's Report.

Report on other legal and regulatory requirements

Opinion

In our opinion, the Committee of Management's use of going concern basis of accounting in the preparation of the financial report is appropriate.

I am an approved auditor as defined by Regulation 4 of the *Fair Work (Registered Organisations) Act 2009*, a member of the Institute of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

KPMG

Sarah Cain
Partner

Sydney
17 September 2018

Registration number under RO Act: AA2017/200
Registered Company Auditor number: 48293