



Australian Government
Registered Organisations Commission

3 January 2020

John Christopher Dowling
National Vice-President (Finance)
Pharmacy Guild of Australia

Dear Sir

Re: – Pharmacy Guild of Australia, National Secretariat - financial report for year ending 30 June 2019 (FR2019/194)

I refer to the financial report of the National Secretariat of the Pharmacy Guild of Australia. The documents were lodged with the Registered Organisations Commission (**ROC**) on 4 December 2019.

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

You are not required to take any further action in respect of the report lodged. Please note that the financial report for the year ending 30 June 2020 may be subject to an advanced compliance review.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett".

Stephen Kellett
Financial Reporting
Registered Organisations Commission



The Pharmacy
Guild of Australia

The Pharmacy Guild of Australia – National Secretariat

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
For the Year Ended 30 June 2019**

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

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

1. The documents lodged herewith are copies of the full report for the Pharmacy Guild of Australia – National Secretariat for the period ended 30 June 2019 referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
2. The full report was provided to members of the reporting unit on 12 November 2019; and
3. The full report was presented to a meeting of the National Council of the Pharmacy Guild of Australia on 4 December 2019 in accordance with s266 of the *Fair Work (Registered Organisations) Act 2009*.

John Christopher Dowling
National Vice President (Finance)
4 December 2019

National Secretariat

Level 2, 15 National Circuit, Barton ACT 2600
PO Box 310, Fyshwick ACT 2609
P: +61 2 6270 1888 • F: +61 2 6270 1800 • E: guild.nat@guild.org.au
www.guild.org.au



The Pharmacy Guild of Australia National Secretariat

**Financial Report
For the Year Ended 30 June 2019**

Contents

Operating Report	1
Committee of Management Statement	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Report Required under Subsection 255(2A)	8
Notes to the Financial Statements	9
Independent Auditor's Report	37

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
OPERATING REPORT**

I, JOHN CHRISTOPHER DOWLING, being the designated officer responsible for preparing this report for the financial year ended 30 June 2019 of The Pharmacy Guild of Australia - National Secretariat, report as follows:

(a) **Principal Activities:**

- (i) The Pharmacy Guild of Australia ("the Guild") is an employers' organisation servicing the needs of proprietors of independent community pharmacies and to represent their interests in industrial matters.
- (ii) The Guild functions as a single legal entity and reports under the *Fair Work (Registered Organisations) Regulations 2009*.
- (iii) The development of Guild policy is the responsibility of the Guild's supreme governing body, the National Council, on which all State and Territory Branches are represented.
- (iv) The implementation of this policy is overseen by the National Executive through the National Secretariat.
- (v) The National Council also defines projects or areas of investigation that may include the development of objectives and targets. The Executive Director of the National Secretariat defines these objectives and targets based on the National Council directions and also self generated issues.
- (vi) These issues are referred to the various National Secretariat Groups who deliver the projects and services that address the various objectives and targets set for them.
- (vii) Included in the Annual Report are the various reports compiled by the National Secretariat's Group Executives outlining the activities for the year. There were no significant changes in the nature of these activities during the year under review.

(b) **Significant financial changes:**

There have been no significant changes in the National Secretariat's principal activities or financial affairs during the period to which this report relates.

(c) **Members advice:**

- (i) Under Section 174 of the *Fair Work (Registered Organisations) Act 2009* and Rule 36 of the Constitution of the Guild, a member may resign from membership by written notice addressed and delivered to the Branch Director;
- (ii) The register of members of the organisation was maintained in accordance with the *Fair Work (Registered Organisations) Act 2009*; and
- (iii) Section 272 of the *Fair Work (Registered Organisations) Act 2009* outlines members and the General Manager of the Fair Work Commission's rights to certain prescribed information. This information is detailed in Note 4 of the financial statements.

(d) **Prescribed and other Information:**

- (i) As at 30 June 2019 to which this report relates the number of members of the organisation was 3,812.
- (ii) As at 30 June 2019 the total number of employees employed by the reporting entity was 82.
- (iii) During the financial year ended 30 June 2019 the following persons were members of National Council for the whole period, unless otherwise stated:

T. Battalis	A. Ngeow (appointed 21 August 2018)
S. Blacker	H. O'Byrne
C. Bronger	C. Owen
G. Chong	N. Panayiaris
A. Doan	G. Tambassis
J.C. Dowling	A. Tassone
D. Heffernan	T. Twomey
P. Jones	N. Willis

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

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

J.C. Dowling

N. Panayiaris

T. Twomey



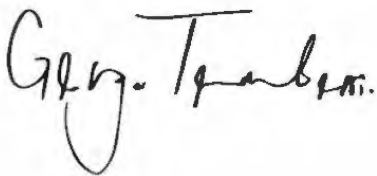
JOHN CHRISTOPHER DOWLING

15 October 2019

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
COMMITTEE OF MANAGEMENT STATEMENT**

We, GEORGE TAMBASSIS and JOHN CHRISTOPHER DOWLING, being two members of the National Council of The Pharmacy Guild of Australia, do state on behalf of the National Council and in accordance with a resolution passed by the National Council on 15 October 2019 that in relation to the General Purpose Financial Report of the National Secretariat, the opinion of National Council is as follows:

- (a) the attached financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirement imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial position of the National Secretariat as at 30 June 2019 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2019;
- (d) there are reasonable grounds to believe that the National Secretariat will be able to pay its debts as and when they become due and payable;
- (e) during the year to which the attached General Purpose Financial Report relates and since the end of that year:
 - (i) meetings of the National Council were held in accordance with the rules of the organisation;
 - (ii) the financial affairs of the National Secretariat have been managed in accordance with the rules of the organisation;
 - (iii) the financial records of the National Secretariat have been kept and maintained in accordance with the RO Act and the *Fair Work (Registered Organisations) Regulations 2009*;
 - (iv) the financial records of the National Secretariat have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation;
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.



GEORGE TAMBASSIS
15 October 2019



JOHN CHRISTOPHER DOWLING
15 October 2019

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 \$	2018 \$
Income			
Revenue from rendering of services	5	25,689,701	25,011,821
Other revenue	5	9,642,069	9,447,665
Other income	5	149,148,945	178,323,724
		<u>184,480,715</u>	<u>212,783,210</u>
Expenses			
Remuneration and employee benefits expense	6	(14,422,577)	(13,577,597)
Depreciation and amortisation	6	(814,524)	(811,489)
Write-down and impairment of assets	6	-	(4,399,244)
Other expenses	6	(166,808,545)	(195,174,733)
		<u>(182,045,646)</u>	<u>(213,963,063)</u>
Net surplus / (deficit)		<u><u>2,435,069</u></u>	<u><u>(1,179,853)</u></u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income / (loss)		<u><u>2,435,069</u></u>	<u><u>(1,179,853)</u></u>
Total comprehensive income / (loss) attributable to the members of the Pharmacy Guild of Australia		<u><u>2,435,069</u></u>	<u><u>(1,179,853)</u></u>

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and short-term deposits	7	34,716,813	51,663,852
Trade and other receivables	8	4,960,474	4,875,172
Assets held for sale	9	-	1
Other financial assets	10	10,000,000	15,000,000
Other current assets	11	335,478	271,269
Total current assets		<u>50,012,765</u>	<u>71,810,294</u>
Non-current assets			
Interests in related parties	12	14,486,259	5,586,259
Other financial assets	12	17,401,580	17,401,580
Property, plant and equipment	13	383,420	491,292
Intangible assets	14	1,617,689	1,289,079
Total non-current assets		<u>33,888,948</u>	<u>24,768,210</u>
TOTAL ASSETS		<u>83,901,713</u>	<u>96,578,504</u>
LIABILITIES			
Current liabilities			
Trade and other payables	15	4,548,575	15,227,614
Government grants and project funds held		15,100,470	19,597,273
Deferred income		737,077	488,816
Employee benefit liabilities	16	2,022,805	2,142,834
Total current liabilities		<u>22,408,927</u>	<u>37,456,537</u>
Non-current liabilities			
Employee benefit liabilities	16	189,311	253,561
Total non-current liabilities		<u>189,311</u>	<u>253,561</u>
TOTAL LIABILITIES		<u>22,598,238</u>	<u>37,710,098</u>
NET ASSETS		<u>61,303,475</u>	<u>58,868,406</u>
MEMBERS FUNDS			
Reserves	17(a)	3,399,380	4,224,559
Accumulated funds	17(b)	57,904,095	54,643,847
		<u>61,303,475</u>	<u>58,868,406</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	Accumulated Funds \$	National Fighting Fund Reserve \$	Total Equity \$
Balance as at 30 June 2017	17	56,393,023	3,655,236	60,048,259
Net deficit for the period		(1,179,853)	-	(1,179,853)
Other comprehensive income		-	-	-
Total comprehensive income		<u>(1,179,853)</u>	<u>-</u>	<u>(1,179,853)</u>
Transfers to National Fighting Fund reserve from accumulated funds		<u>(569,323)</u>	<u>569,323</u>	-
Balance as at 30 June 2018	17	<u>54,643,847</u>	<u>4,224,559</u>	<u>58,868,406</u>
Net surplus for the period		2,435,069	-	2,435,069
Other comprehensive income		-	-	-
Total comprehensive income		<u>2,435,069</u>	<u>-</u>	<u>2,435,069</u>
Transfers from National Fighting Fund reserve to accumulated funds		<u>825,179</u>	<u>(825,179)</u>	-
Balance as at 30 June 2019	17	<u>57,904,095</u>	<u>3,399,380</u>	<u>61,303,475</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2019 \$	2018 \$
Operating activities			
Receipts from operations		37,482,118	34,401,160
Interest received		1,885,655	1,901,106
Dividends received		3,500,000	3,000,000
Government grants and project funds received		142,449,012	199,765,879
Payments to suppliers and employees		(197,325,165)	(213,347,275)
Net cash flows from / (used in) operating activities	7(b)	<u>(12,008,380)</u>	<u>25,720,870</u>
Investing activities			
Purchase of property, plant and equipment		(73,808)	(231,277)
Purchase of intangible assets		(964,852)	(708,149)
Proceeds from disposal of financial instruments		5,000,000	-
Loan to GuildLink Pty Ltd		-	(1,933,621)
Loan repayment by GuildLink Pty Ltd		-	783,621
Loan to members		-	(70,000)
Purchase of shares in Guild Group Holdings Ltd		(8,900,000)	-
Purchase of shares in GuildLink Pty Ltd		-	(1,649,244)
Proceeds from sale of shares in GuildLink Pty Ltd		1	-
Net cash flows used in investing activities		<u>(4,938,659)</u>	<u>(3,808,670)</u>
Net increase / (decrease) in cash and cash equivalents		(16,947,039)	21,912,200
Cash and cash equivalents at beginning of period		51,663,852	29,751,652
Cash and cash equivalents at end of period	7	<u><u>34,716,813</u></u>	<u><u>51,663,852</u></u>

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

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	\$	\$
Categories of expenditures		
Remuneration, and other employment-related costs and expenses, in respect of employees	14,422,577	13,577,597
Advertising	882,644	1,151,781
Operating costs	2,200,444	2,409,256
Donations to political parties	590,677	106,000
Legal costs	1,092,038	1,411,590

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

NOTE 1 ORGANISATIONAL INFORMATION

The financial statements of The Pharmacy Guild of Australia - National Secretariat (the Guild) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution passed by the National Council on 15 October 2019.

The Pharmacy Guild of Australia is an organisation registered under the *Fair Work (Registered Organisations) Act 2009* (RO Act). The nature of the operations and the principal activities of the Guild are described in the Operating Report.

The registered office of the Pharmacy Guild of Australia - National Secretariat is:
Level 2, 15 National Circuit
BARTON ACT 2600

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and *the Fair Work (Registered Organisations) Act 2009*.

The financial report is prepared on the basis that the Guild is a not-for-profit entity.

The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars.

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

To meet the reporting requirements of section 255 of the *Fair Work (Registered Organisations) Act 2009* the Guild has determined that it meets the requirements of paragraph 4 of *AASB 10 Consolidated Financial Statements* that permit an exemption from preparing consolidated financial statements. Instead these financial statements are separate financial statements and the accounting policies applied to investment in subsidiaries, jointly controlled entities and associates are listed in note 12 which disclose their measurement at cost. Under the Registered Rules of the Pharmacy Guild of Australia, the Guild prepares a separate set of consolidated financial statements which are available for all members upon request (or distributed to all members separately).

b) Statement of compliance

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

Changes in accounting policy

In the current period, the Guild has adopted all new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and that are effective for the current annual reporting period.

AASB 9 Financial Instruments (AASB 9) replaces *AASB 139 Financial Instruments: Recognition and Measurement* from 1 July 2018. The adoption of AASB 9 had no impact on the recognition and measurement of financial instruments of the Guild.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019**

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

b) Statement of compliance (cont'd)

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Guild for the annual reporting period ended 30 June 2019. These are outlined below.

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 15, and relevant amending standards	<i>Revenue from Contracts with Customers</i>	<p>AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i>, AASB Interpretation 13 <i>Customer Loyalty Programmes</i>, AASB Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, AASB Interpretation 18 <i>Transfers of Assets from Customers</i> and AASB Interpretation 131 <i>Revenue – Barter Transactions Involving Advertising Services</i>) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 <i>Leases</i> (or AASB 16 <i>Leases</i>, once applied).</p> <p>The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:</p> <ul style="list-style-type: none"> - Step 1: Identify the contract(s) with a customer - Step 2: Identify the performance obligations in the contract - Step 3: Determine the transaction price - Step 4: Allocate the transaction price to the performance obligations in the contract - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. 	1 January 2019	The Guild has assessed that the adoption of AASB 15 will result in changes to the recognition criteria for Accreditation Fees and Assessment Fees. In accordance with AASB 15, this revenue will be recognised at the point in time when accreditations are issued. The Guild is in the process of determining the extent of the impact of the amendments.	1 July 2019
AASB 1058 AASB 2016-8	<i>Income of Not-for-Profit Entities</i> <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities</i>	<p>AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.</p> <p>Consequently AASB 1004 <i>Contributions</i> is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context.</p>	1 January 2019	The Guild expects there to be no impact from the adoption of AASB 1058.	1 July 2019

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019**

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

b) Statement of compliance (cont'd)

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 16	<i>Leases</i>	<p>AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 <i>Leases</i>. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).</p> <p>Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.</p> <p>Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.</p>	1 January 2019	The Guild is in the process of determining the extent of the impact of the amendments.	1 July 2019

c) Revenue Recognition

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

Rendering of services

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

Capitation Fees and Subscriptions

Revenue from capitation fees and subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Accreditation Fees

Revenue from accreditation fees is recognised when accreditations are issued.

Assessment Fees

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

Administration of Government Programs

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

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

c) Revenue Recognition (cont'd)

Interest

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other revenue in the statement of comprehensive income.

Dividends

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

d) Government Grants

Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability when the grant is received, and revenue is recognised as services are performed or conditions fulfilled.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

Revenue from non-reciprocal grants is recognised when received.

e) Leases

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

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

Finance Leases

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

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

Operating Leases

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

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

f) Cash and Short-Term Deposits

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

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

g) Taxes

Income taxes

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

Goods and Services Tax (GST)

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

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

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

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

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

h) Property, Plant and Equipment

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

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

Plant and equipment - 3 to 10 years

Motor vehicles - 5 years

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

Derecognition and disposal

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

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

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019**

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

i) Intangible assets

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

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

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

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

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

Research and development costs

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

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

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

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

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

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

j) Financial assets - initial recognition and subsequent measurement

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

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Guild's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Guild has applied the practical expedient, the Guild initially measures a financial asset at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 118. Refer to the accounting policies in section (c) Revenue Recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Guild's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

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

i) Financial assets at amortised cost (debt instruments)

The Guild measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

The Guild's assets at amortised cost includes trade receivables, term deposits included under other current financial assets, and loans to a jointly controlled entity, controlled entities and members included under other non-current financial assets.

Derecognition

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

- The rights to receive cash flows from the asset have expired; or
- The Guild has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Guild has transferred substantially all the risks and rewards of the asset, or (b) the Guild has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

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

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

Impairment of financial assets

The Guild recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Guild expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Guild applies a simplified approach in calculating ECLs. Therefore, the Guild does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Guild has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Guild considers a financial asset in default when internal or external information indicates that the Guild is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Guild. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

k) Impairment of non-financial assets

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

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

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

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

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

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

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

The following assets have specific characteristics for impairment testing:

Intangible assets

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

l) Trade and other payables

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

m) Provisions and employee benefits

General

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

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

Employee leave benefits

i) Wages, salaries, annual leave and sick leave

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

ii) Long service leave

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

n) Current versus non-current classification

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

An asset is current when it is:

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

The Guild classifies all other assets as non-current.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

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

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

A liability is current when:

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

The Guild classifies all other liabilities as non-current.

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

a) Long service leave provision

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

b) Estimation of useful lives of assets

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

c) Impairment of assets

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

NOTE 4 INFORMATION TO BE PROVIDED TO MEMBERS OR COMMISSIONER

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

Information to be provided to members or Commissioner

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 5 INCOME		
Revenue from rendering of services		
Capitation fees (from membership subscriptions of Branches)	3,887,756	3,916,760
Membership subscriptions	-	-
Fighting fund income from other entities	22,126	42,750
Levies (compulsory or voluntary)	-	-
Quality Care Pharmacy Program (QCPP) income:		
Accreditation fees	10,136,519	10,553,887
Assessment fees	2,412,800	1,825,920
Sale of QCPP related items	1,400	886
Administration of government programs	8,778,925	7,791,748
Training module development and hosting	437,318	619,651
Conference income	-	61,820
Pharmacy resource tools	12,857	198,399
	<u>25,689,701</u>	<u>25,011,821</u>
 Component of capitation fee allocated to the Fighting Fund	 <u>1,457,642</u>	 <u>1,468,595</u>
Other Revenue		
Interest received:		
Controlled entities	1,009,079	1,058,873
Other entities	845,884	860,176
Commissions from controlled entity	977,619	1,196,109
Dividend income from controlled entity	3,500,000	3,000,000
Referral fees from controlled entity	3,309,487	3,332,507
	<u>9,642,069</u>	<u>9,447,665</u>
Other income		
Contributions for project work	606,535	856,165
Donations received	-	-
Government grants and project funds	147,282,207	176,392,125
Recovery of wages activity	-	-
Sponsorship income	343,023	304,249
Other income	917,180	771,185
	<u>149,148,945</u>	<u>178,323,724</u>
	<u>184,480,715</u>	<u>212,783,210</u>
NOTE 6 EXPENSES		
Remuneration and employee benefits expense		
Wages and salaries - officers	890,664	794,364
Wages and salaries - employees (other than officers)	10,216,793	10,203,401
Superannuation - officers	70,241	62,316
Superannuation - employees (other than officers)	1,180,851	1,170,009
Provision for annual leave - officers	(26,701)	(10,896)
Provision for annual leave - employees (other than officers)	187,957	174,129
Provision for long service leave - officers	14,853	23,625
Provision for long service leave - employees (other than officers)	199,217	171,448
Separation and redundancies - officers	-	-
Separation and redundancies - employees (other than officers)	719,059	92,682
Other on-costs (payroll tax and workers compensation expenses)	969,643	896,519
Total remuneration and employee benefits expense	<u>14,422,577</u>	<u>13,577,597</u>
Depreciation and amortisation		
Depreciation	178,282	214,126
Amortisation of intangible assets	636,242	597,363
	<u>814,524</u>	<u>811,489</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 6 EXPENSES (cont'd)		
Write-down and impairment of assets		
Debt forgiveness	-	2,750,000
Impairment loss on non-current asset held for sale	-	1,649,244
Total write-down and impairment of assets	-	4,399,244
Other expenses		
Administrative expenses	810,440	814,517
Affiliation fees (a)	79,293	79,669
Audit fees	131,714	128,972
Bank fees	78,829	67,302
Branch funding - membership subscription balancing adjustment	166,000	166,000
Branch funding - pharmacy service support	4,139,426	4,140,116
Branch funding - legal assistance	195,756	-
Campaign expenses	544,935	729,619
Capitation fee	-	-
Cold chain expenses	-	192,200
Communication and marketing	337,709	422,162
Compulsory levies	-	-
Conference management	650	135,586
Consideration for employers making payroll deductions of membership subscriptions	-	-
Consultants expenses	2,479,627	2,859,361
Donations and grants (b)	635,079	138,322
E-learning and training material expenses	90,189	138,827
Government grant expenses and program payments	146,764,293	176,188,188
Government program external administration costs	165,314	277,412
Legal expenses - litigation	358,009	-
Legal expenses - other legal matters	734,029	1,411,590
Loss on disposal of fixed assets	3,398	-
Meeting & conference - fees/allowances (excluding employee remuneration)	-	-
Meeting expenses:		
National Council	335,629	171,817
Committee expenses	140,412	104,441
Other meeting expenses	122,417	158,387
National membership database	62,269	107,038
Penalties imposed under the RO Act and the <i>Fair Work Act 2009</i>	-	-
QCPP assessment expenses	3,773,633	2,679,904
Rent paid (minimum lease payments - operating lease)	830,865	974,984
Special projects	494,115	292,288
Standards materials expenses	107	8,924
Subsidies to branches	946,437	896,632
Travel expenses (local and overseas)	418,041	445,415
Other expenses	1,969,930	1,445,060
Total other expenses	166,808,545	195,174,733
(a) Affiliation fees paid to each political party, federation, congress, council or group of organisations, or any international body having an interest in industrial matters:		
Australian Chamber of Commerce and Industry	56,498	55,018
Council of Small Business of Australia	9,180	9,000
World Pharmacy Council	13,615	15,651
	79,293	79,669
(b) Grants or donations paid:		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	6,339	8,619
Total paid that exceeded \$1,000	628,740	129,703
	635,079	138,322

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 7 CASH AND SHORT-TERM DEPOSITS		
Guild cash		
Cash at bank and on hand	10,149,743	11,351,956
Short-term deposits	9,500,000	9,500,000
Guild cash at bank, on hand and short-term deposits	<u>19,649,743</u>	<u>20,851,956</u>
Cash held in trust		
Cash at bank held in trust (a)	<u>15,067,070</u>	<u>30,811,896</u>
Total cash and short-term deposits	<u><u>34,716,813</u></u>	<u><u>51,663,852</u></u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, and earn interest at the respective short-term deposit rates.

(a) Cash at bank held in trust

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

(b) Reconciliation to statement of cash flows

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

Cash at bank and on hand	25,216,813	42,163,852
Short-term deposits	9,500,000	9,500,000
	<u>34,716,813</u>	<u>51,663,852</u>

Reconciliation of operating surplus to net cash flows from operations:

Operating surplus / (deficit)	2,435,069	(1,179,853)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	178,282	214,126
Amortisation of intangible assets	636,242	597,363
Net loss on disposal of fixed assets	3,398	-
Impairment loss on non-current asset held for sale	-	1,649,244
Debt forgiveness	-	2,750,000
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in trade and other receivables	(85,302)	19,529,610
(Increase) / decrease in other current assets	(64,209)	89,671
Increase / (decrease) in trade and other payables	(10,804,200)	639,763
Increase / (decrease) in employee benefit liabilities	(184,279)	206,742
Increase / (decrease) in deferred income	248,261	234,140
Increase / (decrease) in net GST payable	125,161	18,054
Increase / (decrease) in government grants and project funds	(4,496,803)	972,010
Net cash flows from / (used in) operating activities	<u><u>(12,008,380)</u></u>	<u><u>25,720,870</u></u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 7 CASH AND SHORT-TERM DEPOSITS (cont'd)		
(c) Related party operating cash flows		
Cash inflows		
Branches:		
New South Wales	1,739,119	1,857,610
Victoria	905,946	943,367
Queensland	989,628	1,049,479
South Australia	338,395	357,051
Western Australia	587,550	583,736
Tasmania	173,854	188,911
Australian Capital Territory	113,438	116,275
Northern Territory	40,057	70,346
Other related parties:		
Gold Cross Products and Services Pty Ltd	1,339,751	1,743,846
Guild Group Holdings Limited	4,503,135	3,957,570
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd	99,358	153,161
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	3,577,165	3,504,706
Guild Financial Services Ltd, a subsidiary of Guild Group Holdings Ltd	5,500	5,500
Meridian Lawyers Ltd, a subsidiary of Guild Group Holdings Ltd	-	110
Fred Health Pty Ltd, an associate of the Victoria Branch	15,500	15,500
Total related party cash inflows from operating activities	14,428,396	14,547,168
Cash outflows		
Branches:		
New South Wales	(1,388,959)	(2,042,112)
Victoria	(1,250,912)	(985,357)
Queensland	(1,151,371)	(1,104,837)
South Australia	(432,477)	(427,543)
Western Australia	(677,161)	(554,001)
Tasmania	(553,832)	(617,742)
Australian Capital Territory	(417,911)	(543,018)
Northern Territory	(558,512)	(377,360)
Other related parties		
Gold Cross Products and Services Pty Ltd	(9,139)	(14,855)
Guild Group Holdings Limited	-	(20,000)
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd	(39,141)	(288,935)
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	(190,889)	(64,267)
Meridian Lawyers Ltd, a subsidiary of Guild Group Holdings Ltd	(341,266)	(866,347)
Guild Properties (VIC) Unit trust, a subsidiary of the Victoria Branch	(80,956)	(62,327)
Fred Health Pty Ltd, an associate of the Victoria Branch	-	(15,500)
Total related party cash outflows used in operating activities	(7,092,526)	(7,984,201)

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade and other receivables	3,180,465	2,994,425
Allowance for expected credit losses	-	-
	<u>3,180,465</u>	<u>2,994,425</u>
Amounts receivable from related entities:		
Branch debtors	271,703	275,595
Gold Cross Products and Services Pty Limited	200,371	366,005
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	1,298,129	1,211,730
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd	9,806	27,417
Carrying amount of trade and other receivables	<u><u>4,960,474</u></u>	<u><u>4,875,172</u></u>
Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.		
(a) Related party receivables		
Branch debtors as at 30 June comprised:		
New South Wales	133,526	159,116
Victoria	69,762	51,017
Queensland	23,012	37,269
South Australia	4,608	6,585
Western Australia	15,294	13,680
Tasmania	12,074	1,674
Australian Capital Territory	5,424	3,234
Northern Territory	8,003	3,020
	<u>271,703</u>	<u>275,595</u>
Allowance for expected credit loss	-	-
	<u>271,703</u>	<u>275,595</u>

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

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

(b) Fair values

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 9 ASSETS HELD FOR SALE (CURRENT)		
Ordinary shares held in GuildLink Pty Ltd (2019: Nil, 2018: 100%)	-	1
1,325,073 ordinary shares held in GuildLink Pty Ltd were sold to Guild Group Holdings Ltd on 1 July 2018 for the price of \$1. The cost of these shares was \$1,649,245, which resulted in an impairment loss of \$1,649,244 in the financial year ended 30 June 2018.		
NOTE 10 OTHER FINANCIAL ASSETS (CURRENT)		
Term deposits	10,000,000	15,000,000
	<u>10,000,000</u>	<u>15,000,000</u>
Term deposits are made for varying periods of between six and eleven months, and earn interest at the respective term deposit rates.		
Due to the short term nature of these term deposits, the carrying value is assumed to approximate their fair value.		
NOTE 11 OTHER CURRENT ASSETS (CURRENT)		
Prepayments	335,478	271,269
	<u>335,478</u>	<u>271,269</u>
NOTE 12 FINANCIAL ASSETS (NON-CURRENT)		
Interests in Related Parties		
At Cost		
Investments in controlled entities:		
Shares in controlled entities - unlisted		
GuildNET Pty Limited		
18 ordinary shares (2019: 100%, 2018: 100%)	18	18
Guild Group Holdings Limited		
3,585,434 ordinary shares at \$1 per share (2019: 100%, 2018: 100%)	3,585,434	3,585,434
20,000 ordinary shares at \$100 per share (2019: 100%, 2018: 100%)	2,000,000	2,000,000
263,236 ordinary shares at \$33.81 per share (2019: 100%, 2018: Nil)	8,900,000	-
Gold Cross Products and Services Pty Ltd		
402 ordinary shares (2019: 100%, 2018: 100%)	804	804
National Pharmacy Television Pty Limited		
1 ordinary share (2019: 100%, 2018: 100%)	1	1
	<u>14,486,257</u>	<u>5,586,257</u>
Investment in jointly controlled entity:		
Shares in jointly controlled entity - unlisted		
Australian Association of Consultant Pharmacy Pty Limited		
2 ordinary shares at cost (2019: 50%, 2018: 50%)	2	2
Total interests in related parties	<u>14,486,259</u>	<u>5,586,259</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 12 FINANCIAL ASSETS (NON-CURRENT) (Cont'd)		
Other Financial Assets at Amortised Cost		
Unsecured loans to jointly controlled entity:		
Australian Association of Consultant Pharmacy Pty Limited	80,000	80,000
Unsecured loans to controlled entities:		
Gold Cross Products and Services Pty Ltd	411,580	411,580
Unsecured promissory notes (controlled entities):		
Guild Group Holdings Limited	16,840,000	16,840,000
Unsecured loans to members	70,000	70,000
Total Other Financial Assets at Amortised Cost	<u>17,401,580</u>	<u>17,401,580</u>
Total Financial Assets (Non-current)	<u><u>31,887,839</u></u>	<u><u>22,987,839</u></u>

(a) Financial Assets at Amortised Cost

(i) Guild Group Holdings Limited

On 30 June 2014, Guild Group Holdings Limited issued to the Pharmacy Guild of Australia - National Secretariat 1,684 unsecured promissory notes at an issue price of \$10,000 each (total value of \$16,840,000). These notes have a term of 9 years and 11 months and are repayable on 31 May 2024. The rate of interest applicable to the notes is the 180 Day Bank Bill Discount Rate plus 350 basis points. The rate of interest is determined on a six monthly basis and the interest payable is cumulative and accrues daily.

In the event of a *non-viability trigger event* the Notes will immediately and irrevocably, in the first instance, be converted into ordinary shares of Guild Group Holdings Limited, or failing that, written off. A *non-viability trigger event* occurs when the Australian Prudential Regulation Authority notifies Guild Group Holdings Ltd in writing that it believes that (a) the conversion or write-off of Notes is necessary because, without conversion or write-off, Guild Group Holdings Limited would become non-viable; or (b) that without a public sector injection of capital, or equivalent support, Guild Group Holdings Limited would become non-viable.

(ii) Gold Cross Products and Services Pty Limited

The unsecured loan to Gold Cross Products and Services Pty Limited is repayable on call. The interest rate is fixed at 6.3% per annum.

(b) Fair values

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

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

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 13 PROPERTY, PLANT AND EQUIPMENT		
Reconciliation of carrying amounts at the beginning and end of period		
Office equipment - at cost		
As at 1 July, net of accumulated depreciation and impairment	373,167	350,863
Additions	73,808	231,278
Disposals	(393)	-
Depreciation	(173,130)	(208,974)
As at 30 June, net of accumulated depreciation and impairment	<u>273,452</u>	<u>373,167</u>
Cost	3,422,833	3,531,208
Accumulated depreciation and impairment	(3,149,381)	(3,158,041)
Net carrying amount	<u>273,452</u>	<u>373,167</u>
Motor vehicles - at cost		
As at 1 July, net of accumulated depreciation and impairment	7,299	12,451
Depreciation	(5,152)	(5,152)
As at 30 June, net of accumulated depreciation and impairment	<u>2,147</u>	<u>7,299</u>
Cost	25,760	25,760
Accumulated depreciation and impairment	(23,613)	(18,461)
Net carrying amount	<u>2,147</u>	<u>7,299</u>
Artwork - at cost		
As at 1 July, net of accumulated depreciation and impairment	94,200	94,200
Disposals	(3,005)	-
As at 30 June, net of accumulated depreciation and impairment	<u>91,195</u>	<u>94,200</u>
Net carrying amount	<u>91,195</u>	<u>94,200</u>
Antiques - at cost		
As at 1 July, net of accumulated depreciation and impairment	16,626	16,626
As at 30 June, net of accumulated depreciation and impairment	<u>16,626</u>	<u>16,626</u>
Net carrying amount	<u>16,626</u>	<u>16,626</u>
Total Property, Plant and Equipment - at cost		
As at 1 July, net of accumulated depreciation and impairment	491,292	474,140
Additions	73,808	231,278
Disposals	(3,398)	-
Depreciation	(178,282)	(214,126)
As at 30 June, net of accumulated depreciation and impairment	<u>383,420</u>	<u>491,292</u>
Cost	3,556,414	3,667,794
Accumulated depreciation and impairment	(3,172,994)	(3,176,502)
Net carrying amount	<u>383,420</u>	<u>491,292</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 14 INTANGIBLE ASSETS		
Reconciliation of carrying amounts at the beginning and end of period		
Software - at cost		
As at 1 July, net of accumulated amortisation and impairment	997,534	885,780
Additions	221,165	219,168
Transfers	666,285	489,949
Amortisation	<u>(636,242)</u>	<u>(597,363)</u>
As at 30 June, net of accumulated amortisation and impairment	<u>1,248,742</u>	<u>997,534</u>
Cost	4,586,597	3,916,340
Accumulated amortisation and impairment	<u>(3,337,855)</u>	<u>(2,918,806)</u>
Net carrying amount	<u>1,248,742</u>	<u>997,534</u>
Software in progress - at cost		
As at 1 July	291,545	292,513
Additions	743,687	488,981
Transfers	<u>(666,285)</u>	<u>(489,949)</u>
As at 30 June	<u>368,947</u>	<u>291,545</u>
Net carrying amount	<u>368,947</u>	<u>291,545</u>
Total intangible assets - at cost		
As at 1 July, net of accumulated amortisation and impairment	1,289,079	1,178,293
Additions	964,852	708,149
Amortisation	<u>(636,242)</u>	<u>(597,363)</u>
As at 30 June, net of accumulated amortisation and impairment	<u>1,617,689</u>	<u>1,289,079</u>
Cost	4,955,544	4,207,885
Accumulated amortisation and impairment	<u>(3,337,855)</u>	<u>(2,918,806)</u>
Net carrying amount	<u>1,617,689</u>	<u>1,289,079</u>
NOTE 15 TRADE AND OTHER PAYABLES (CURRENT)		
Trade and other payables	965,021	12,583,128
Accrued expenses	2,302,607	1,999,719
Amounts payable to related entities:		
Branch creditors	654,450	457,296
Gold Cross Products and Services Pty Limited	2,808	-
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	95,284	-
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd	205,875	33,682
Meridian Lawyers Limited, a subsidiary of Guild Group Holdings Ltd	87,655	44,075
Consideration for employers making payroll deductions of membership subscriptions	-	-
Net GST payable	230,471	105,310
Amounts held on trust:		
Medicines Partnership of Australia (MPA)	4,404	4,404
	<u>4,548,575</u>	<u>15,227,614</u>
Payables include the following:		
Legal fees payable		
- In respect of litigation	8,589	-
- In respect of other legal matters	126,443	190,641
	<u>135,032</u>	<u>190,641</u>

(a) Fair value

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 15 TRADE AND OTHER PAYABLES (CURRENT) (Cont'd)		
(b) Related party payables		
Branch creditors as at 30 June comprised:		
New South Wales	55,268	39,166
Victoria	23,012	2,347
Queensland	2,296	22,001
South Australia	8,050	-
Western Australia	76,729	648
Tasmania	193,527	138,922
Australian Capital Territory	79,771	-
Northern Territory	215,797	254,212
	<u>654,450</u>	<u>457,296</u>

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

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

NOTE 16 EMPLOYEE BENEFIT LIABILITIES

Current

Annual leave	919,876	1,039,511
Separation and redundancies	-	-
Long service leave	1,102,929	1,103,323
	<u>2,022,805</u>	<u>2,142,834</u>

Non-Current

Long service leave	189,311	253,561
	<u>189,311</u>	<u>253,561</u>

Employee entitlements (annual leave) in respect of :

- officers	34,688	61,389
- other employees	885,188	978,122
	<u>919,876</u>	<u>1,039,511</u>

Employee entitlements (separation and redundancies) in respect of:

- officers	-	-
- other employees	-	-
	<u>-</u>	<u>-</u>

Employee entitlements (long service leave) in respect of:

- officers	48,575	33,722
- other employees	1,243,665	1,323,162
	<u>1,292,240</u>	<u>1,356,884</u>

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

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$

NOTE 17 RESERVES AND ACCUMULATED FUNDS

(a)	National Fighting Fund reserve		
	Balance at the beginning of year	4,224,559	3,655,236
	Transfer from / (to) accumulated funds	(825,179)	569,323
	Balance at the end of year	3,399,380	4,224,559
	Total Reserves	3,399,380	4,224,559

National Fighting Fund reserve

A National referendum was held in April 2002 to seek Guild members' approval to establish a National Fighting Fund. The Funds would be obtained from an increase in annual subscriptions (premises component only) and be used to fund special endeavours required to preserve and protect the long-term interests of members. The Fund would operate under the direct control of the Guild's Executive Committee who would consider each allocation of funds against stringent criteria agreed by the Executive. The referendum was successful and the collection of funds was commenced in the 2002/2003 financial year. The surplus funds as at 30 June 2019 are held in a reserve pending future costs relating to this cause. All funds are held as cash and interest on the funds transferred to the reserve.

(b)	Accumulated Funds		
	Balance at the beginning of the year	54,643,847	56,393,023
	Net surplus / (deficit) attributable to the Guild	2,435,069	(1,179,853)
	Transfer from / (to) the Fighting Fund reserve	825,179	(569,323)
	Balance at the end of the year	57,904,095	54,643,847

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

NOTE 18 COMMITMENTS

(a) Operating lease commitments

Assets that are the subject of operating leases include property. The operating lease for property has a lease term of 18 years (expiring on 31 December 2027) and is for the Guild premises at Barton.

There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

Operating leases (non-cancellable)		
Within one year	761,788	924,755
After one year but not more than five years	3,282,649	462,377
After more than five years	3,205,014	-
	7,249,451	1,387,132

(b) Other commitments

The National Secretariat has committed to financially support the Tasmanian, Australian Capital Territory and Northern Territory Branches in the year ending 30 June 2020 by funding deficits of the relevant branches up to maximum of \$818,000 in total.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 19 RELATED PARTY DISCLOSURES		
The following related party transactions occurred during the financial year:		
Sales Transactions		
Victoria Branch		
Capitation fees (from membership subscriptions)	800,674	803,142
National database on-charge	24,579	24,911
Cost reimbursement and other	15,374	18,958
	<u>840,627</u>	<u>847,011</u>
Queensland Branch		
Capitation fees (from membership subscriptions)	812,817	838,503
National database on-charge	26,117	26,469
Cost reimbursement and other	48,172	93,955
	<u>887,106</u>	<u>958,927</u>
New South Wales Branch		
Capitation fees (from membership subscriptions)	1,285,585	1,274,463
ICT support	194,250	273,375
National database on-charge	37,125	37,626
Cost reimbursement and other	40,793	121,182
	<u>1,557,753</u>	<u>1,706,646</u>
South Australia Branch		
Capitation fees (from membership subscriptions)	287,134	294,373
National database on-charge	8,987	9,108
Cost reimbursement and other	9,714	16,509
	<u>305,835</u>	<u>319,990</u>
Western Australia Branch		
Capitation fees (from membership subscriptions)	501,109	504,208
National database on-charge	15,471	15,680
Cost reimbursement and other	19,025	23,384
	<u>535,605</u>	<u>543,272</u>
Tasmania Branch		
Capitation fees (from membership subscriptions)	106,975	105,322
Cost reimbursement and other	63,551	65,923
	<u>170,526</u>	<u>171,245</u>
Australian Capital Territory Branch		
Capitation fees (from membership subscriptions)	65,409	66,000
Cost reimbursement and other	42,138	41,982
	<u>107,547</u>	<u>107,982</u>
Northern Territory Branch		
Capitation fees (from membership subscriptions)	28,053	30,750
Cost reimbursement and other	13,159	33,534
	<u>41,212</u>	<u>64,284</u>
Gold Cross Products and Services Pty Ltd		
Commissions	977,619	1,196,109
Contribution to campaign	-	200,000
Sponsorship	24,091	10,000
Sponsorship on-paid to external entity	-	5,000
Interest	25,944	25,944
Cost reimbursement and other	42,142	38,282
	<u>1,069,796</u>	<u>1,475,335</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 19 RELATED PARTY DISCLOSURES (Cont'd)		
Guild Group Holdings Ltd		
Dividend	3,500,000	3,000,000
Interest	983,135	933,690
Sponsorship	18,182	-
Other	-	3,527
	<u>4,501,317</u>	<u>3,937,217</u>
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd		
Interest	-	99,239
Sponsorship	9,091	-
Sponsorship on-paid to external entity	2,000	2,000
Cost reimbursement and other	65,435	53,503
	<u>76,526</u>	<u>154,742</u>
Guild Insurance Ltd, a subsidiary of Guild Group Holdings Ltd		
Referral fees	3,309,487	3,332,507
Insurance recoveries	11,539	8,335
Sponsorship on-paid to external entity	10,000	10,000
Other	536	-
	<u>3,331,562</u>	<u>3,350,842</u>
Guild Financial Services Ltd, a subsidiary of Guild Group Holdings Ltd		
Sponsorship on-paid to external entity	5,000	5,000
	<u>5,000</u>	<u>5,000</u>
Fred Health Pty Ltd, an associate of the Victorian Branch		
Sponsorship	9,091	-
Sponsorship on-paid to external entity	5,000	5,000
Module hosting	-	833
	<u>14,091</u>	<u>5,833</u>
Purchase Transactions		
Victoria Branch		
Branch funding - pharmacy service support	(755,480)	(755,480)
Branch funding - membership subscription balancing adjustment	(69,000)	(69,000)
Branch funding - political donation	(250,000)	-
Branch funding - legal assistance	(25,000)	-
Rent	(39,552)	(39,552)
Reimbursement and other	(29,804)	(32,598)
	<u>(1,168,836)</u>	<u>(896,630)</u>
The Guild Properties (VIC) Unit Trust, a subsidiary of the Victoria Branch		
Rent	(80,416)	(57,396)
	<u>(80,416)</u>	<u>(57,396)</u>
Queensland Branch		
Branch funding - pharmacy service support	(925,578)	(925,578)
CPD accreditation	(15,045)	(14,318)
Conferences and seminars	(26,168)	(27,541)
Sponsorship	(8,000)	(7,273)
Reimbursement and other	(61,025)	(41,144)
	<u>(1,035,816)</u>	<u>(1,015,854)</u>
New South Wales Branch		
Branch funding - pharmacy service support	(1,208,228)	(1,207,730)
Branch funding - political donation	(50,000)	-
Cold chain testing	-	(192,200)
Reimbursement and other	(23,691)	(25,834)
	<u>(1,281,919)</u>	<u>(1,425,764)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 19 RELATED PARTY DISCLOSURES (Cont'd)		
South Australia Branch		
Branch funding - pharmacy service support	(323,682)	(323,682)
Branch funding - membership subscription balancing adjustment	(57,000)	(57,000)
Reimbursement and other	(20,481)	(7,964)
	<u>(401,163)</u>	<u>(388,646)</u>
Western Australia Branch		
Branch funding - pharmacy service support	(445,191)	(445,191)
Branch funding - membership subscription balancing adjustment	(40,000)	(40,000)
Branch funding - legal assistance	(170,756)	-
Sponsorship	-	(5,500)
Reimbursement and other	(29,584)	(12,991)
	<u>(685,531)</u>	<u>(503,682)</u>
Tasmania Branch		
Branch funding - pharmacy service support	(195,117)	(195,117)
Branch subsidy	(335,932)	(326,102)
Reimbursement and other	(22,076)	(20,472)
	<u>(553,125)</u>	<u>(541,691)</u>
Australian Capital Territory Branch		
Branch funding - pharmacy service support	(169,864)	(169,697)
Branch subsidy	(270,000)	(250,000)
Reimbursement and other	(12,621)	(9,014)
	<u>(452,485)</u>	<u>(428,711)</u>
Notern Territory Branch		
Branch funding - pharmacy service support	(116,286)	(117,642)
Branch subsidy	(340,505)	(320,530)
Consultant	-	(23,036)
Reimbursement and other	(16,025)	(8,221)
	<u>(472,816)</u>	<u>(469,429)</u>
Gold Cross Products and Services Pty Ltd		
Reimbursement and other	(10,862)	(4,413)
	<u>(10,862)</u>	<u>(4,413)</u>
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd		
Project work	(190,700)	(229,166)
Reimbursement and other	(4,963)	(371)
	<u>(195,663)</u>	<u>(229,537)</u>
Guild Insurance Ltd, a subsidiary of Guild Group Holdings Ltd		
Corporate insurance premiums	(57,281)	(54,615)
Workers compensation	(79,648)	(77,329)
Car insurance	(1,246)	(1,138)
	<u>(138,175)</u>	<u>(133,082)</u>
Meridian Lawyers Ltd, a subsidiary of Guild Group Holdings Ltd		
Legal fees	(349,352)	(750,083)
	<u>(349,352)</u>	<u>(750,083)</u>
Fred Health Pty Ltd, an associate of the Victorian Branch		
Sponsorship	-	(5,000)
	<u>-</u>	<u>(5,000)</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

NOTE 20 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) National Council

Current at balance date

T. Battalis
S. Blacker
C. Bronger
G. Chong
A. Doan
J.C. Dowling
D. Heffernan
P. Jones
A. Ngeow (appointed 21 August 2018)
H. O'Byrne
C. Owen
N. Panayiaris
G. Tambassis
A. Tassone
T. Twomey
N. Willis

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

	2019	2018
	\$	\$
Short-term employee benefits	2,454,908	2,336,055
Post employment benefits	228,230	203,750
Other long-term benefits	86,730	72,915
Termination benefits	573,344	-
Total compensation	3,343,212	2,612,720

NOTE 21 EVENTS AFTER THE BALANCE SHEET DATE

On 26 August 2019, the directors of Guild Group Holdings Limited declared a dividend on ordinary shares in respect of the 2019 financial year. The total amount of the dividend payable to the Guild is \$3,700,000.

On 18 September 2019, the Guild purchased \$7,500,000 of units in an unlisted unit trust.

The Guild's contract with the Commonwealth of Australia to administer payments under the Sixth Community Pharmacy Agreement will cease on 31 January 2020. The financial impact of this event is estimated to result in the annualised reduction of government program administration income of approximately \$9 million and government grants and project funds income in the order of \$144 million. The net impact of the cessation of government program administration income cannot be estimated at this stage.

**THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019**

NOTE 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk Exposures and Responses

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

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

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

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Guild's exposure to the risk of changes in market interest rates relates to the Guild's cash, term deposits and interest-bearing receivables. The Guild has no debt obligations exposed to interest rate risk

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

	2019 \$	2018 \$
Financial Assets		
Cash and short-term deposits	34,716,813	51,663,852
Other financial assets (current)	10,000,000	15,000,000
Amounts receivable from controlled entities:		
Guild Group Holdings Limited	16,840,000	16,840,000
	<u>61,556,813</u>	<u>83,503,852</u>

At 30 June 2019, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the net surplus would have been affected as follows:

	Net Surplus Higher / (Lower) 2019 \$	Net Surplus Higher / (Lower) 2018 \$
Judgments of reasonably possible movements:		
+ 1% (100 basis points)	495,908	550,615
- 1% (100 basis points)	(495,908)	(550,615)

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

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

(ii) Foreign Currency Risk

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

(iii) Equity Price Risk

The Guild's exposure to equity price risk is minimal as it does not hold investments subject to equity price movements

(iv) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Guild is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments

The Guild trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Guild's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Guild's exposure to bad debts is not significant

Other than the notes receivable from Guild Group Holdings Ltd of \$16,840,000 (2018: \$16,840,000), there are no significant concentrations of credit risk within the Guild.

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

NOTE 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iv) Credit Risk (cont'd)

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

	Note	2019 \$	2018 \$
Cash and short-term deposits	7	34,716,813	51,663,852
Trade and other receivables (current)	8	4,960,474	4,875,172
Asset held for sale	9	-	1
Other financial assets (current)	10	10,000,000	15,000,000
Interests in related parties (non-current)	12	14,486,259	5,586,259
Other financial assets (non-current)	12	17,401,580	17,401,580
		<u>81,565,126</u>	<u>94,526,864</u>

Set out below is the information about the credit risk exposure on the Guild's trade receivables using a provision matrix

	Trade Receivables					Total
	Days past due					
	Current	30-60 days	61-90 days	>91 days		
Expected credit loss rate	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default	4,720,594	139,039	78,642	22,199		4,960,474
Expected credit loss	-	-	-	-		-

	Trade Receivables					Total
	Days past due					
	Current	30-60 days	61-90 days	>91 days		
Expected credit loss rate	0%	0%	0%	0%		
Estimated total gross carrying amount at default	4,761,652	103,620	9,020	880		4,875,172
Expected credit loss	-	-	-	-		-

(v) Liquidity Risk

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

The Guild's exposure to liquidity risk relates primarily to trade and other payables. The Guild has no borrowings

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

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

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

	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
Year ended 30 June 2019					
Financial Assets					
Cash and short-term deposits	34,716,813	-	-	-	34,716,813
Other financial assets (current)	10,000,000	-	-	-	10,000,000
Trade and other receivables	4,960,474	-	70,000	17,331,580	22,362,054
Assets held for sale	-	-	-	-	-
	<u>49,677,287</u>	<u>-</u>	<u>70,000</u>	<u>17,331,580</u>	<u>67,078,867</u>
Financial Liabilities					
Trade and other payables	4,548,575	-	-	-	4,548,575
Government grants and project funds held	15,100,470	-	-	-	15,100,470
	<u>19,649,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,649,045</u>
Net	<u>30,028,242</u>	<u>-</u>	<u>70,000</u>	<u>17,331,580</u>	<u>47,429,822</u>

	< 6 months	6 - 12 months	1 - 5 years	>5 years	Total
Year ended 30 June 2018					
Financial Assets					
Cash and short-term deposits	51,663,852	-	-	-	51,663,852
Other financial assets (current)	15,000,000	-	-	-	15,000,000
Trade and other receivables	4,875,172	-	70,000	17,331,580	22,276,752
Assets held for sale	1	-	-	-	1
	<u>71,539,025</u>	<u>-</u>	<u>70,000</u>	<u>17,331,580</u>	<u>88,940,605</u>
Financial Liabilities					
Trade and other payables	15,227,614	-	-	-	15,227,614
Government grants and project funds held	19,597,273	-	-	-	19,597,273
	<u>34,824,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,824,887</u>
Net	<u>36,714,138</u>	<u>-</u>	<u>70,000</u>	<u>17,331,580</u>	<u>54,115,718</u>

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019

NOTE 23 AUDITOR REMUNERATION

	2019	2018
	\$	\$
Remuneration to auditors		
Audit fees	64,615	62,130
Other assurance services	67,099	66,842
QCPP assessments	3,773,633	2,679,904
Other non-assurance services	-	188,252
	<u>3,905,347</u>	<u>2,997,128</u>

NOTE 24 MISCELLANEOUS DISCLOSURES

- (i) The National Secretariat is not reliant upon other reporting units in order to continue as a going concern.
- (ii) The National Secretariat has not received any financial support from the branches of the organisation.
- (iii) No terms or conditions are attached to the financial support provided to the Tasmania, Australian Capital Territory and Northern Territory branches.
- (iv) The National Secretariat has not acquired an asset or liability during the financial year as a result of:
 - (a) an amalgamation under Part 2 of Chapter 3 of the RO Act;
 - (b) a restructure of the branches of the organisation;
 - (c) a determination by the General Manager of the Fair Work Commission under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
 - (d) a revocation by the General Manager of the Fair Work Commission under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).
- (v) The financial affairs of the National Secretariat are not administered by another entity.
- (vi) No payments were made during the reporting period to a former related party of the reporting unit, where the liability was incurred during the period in which a related party relationship existed.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Pharmacy Guild of Australia (the Reporting Unit), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2019, notes to the financial statements, including a summary of significant accounting policies, the Committee of Management Statement and the subsection 255(2A) report.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of The Pharmacy Guild of Australia as at 30 June 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Responsibilities of the Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

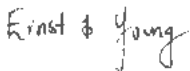
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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



Ernst & Young



Anthony Ewan

Partner

Canberra

16 October 2019

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