Australian Government
Registered Organisations Commission

19 January 2021

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

Dear Sir

Re: – Financial reporting – The Pharmacy Guild of Australia (National Secretariat) – for year ending 30 June 2020 (FR2020/185)

I refer to the financial report of the National Secretariat of The Pharmacy Guild of Australia in respect of the year ending 30 June 2020. The documents were lodged with the Registered Organisations Commission ('the ROC') on 10 December 2020.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether 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 the report for year ending 30 June 2021 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.

Yours faithfully

Stephen Kellett

Stephen Kellett
Financial Reporting
Registered Organisations Commission

GPO Box 2983, Melbourne VIC 3001
Telephone: 1300 341 665 | Email: regorgs@roc.gov.au
Website: www.roc.gov.au

The Pharmacy Guild of Australia

The Pharmacy Guild of Australia – National Secretariat

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
For the Year Ended 30 June 2020

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 2020 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 18 November 2020; and

3. The full report was presented to a meeting of the National Council of the Pharmacy Guild of Australia on 9 December 2020 in accordance with s266 of the *Fair Work (Registered Organisations) Act 2009*.

John Christopher Dowling
National Vice President (Finance)
10 December 2020

The Pharmacy Guild of Australia
National Secretariat

Financial Report
For the Year Ended 30 June 2020

Contents

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 2020 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. Other than the cessation of the Guild's contract with the Commonwealth of Australia to administer payments under the Sixth Community Pharmacy Agreement, there were no significant changes in the nature of these activities during the year under review.

(b) **Significant financial changes:**

Other than the cessation of the Guild's contract with the Commonwealth of Australia to administer payments under the Sixth Community Pharmacy Agreement, 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 2020 to which this report relates the number of members of the organisation was 3,816.

(ii) As at 30 June 2020 the total number of employees employed by the reporting entity was 84.

(iii) During the financial year ended 30 June 2020 the following persons were members of National Council for the whole period, unless otherwise stated:

T. Battalis
S. Blacker
C. Bronger
G. Chong
A. Doan (resigned 28 January 2020)
J.C. Dowling
T. Gross (appointed 28 January 2020)
D. Heffernan
P. Jones
A. Ngeow
H. O'Byrne
C. Owen
N. Panayiaris
G. Tambassis
A. Tassone
T. Twomey
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 2020

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 2020 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 2020 and the financial performance and cash flows of the National Secretariat for the year ended 30 June 2020;

(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 2020

JOHN CHRISTOPHER DOWLING
15 October 2020

THE PHARMACY GUILD OF AUSTRALIA - NATIONAL SECRETARIAT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $	2019 $ Restated
Income			
Revenue from contracts with customers	5	18,563,037	26,286,729
Other income	5	19,100,275	157,891,986
		37,663,312	184,178,715
Expenses			
Remuneration and employee benefits expense	6	(12,424,303)	(14,422,577)
Depreciation and amortisation	6	(1,640,322)	(814,524)
Other expenses	6	(24,603,158)	(166,808,545)
		(38,667,783)	(182,045,646)
Net surplus / (deficit)		**(1,004,471)**	**2,133,069**
Other comprehensive income		-	-
Total comprehensive income / (loss)		**(1,004,471)**	**2,133,069**
Total comprehensive income / (loss) attributable to the members of the Pharmacy Guild of Australia		**(1,004,471)**	**2,133,069**

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 2020

	NOTE	2020 $	2019 $ Restated	As at 1 July 2018 $ Restated
ASSETS				
Current assets				
Cash and short-term deposits	7	16,123,046	34,716,813	51,663,852
Trade and other receivables	8	3,509,868	3,686,074	3,902,772
Assets held for sale		-	-	1
Other financial assets	9	5,000,000	10,000,000	15,000,000
Other current assets	10	687,133	335,478	271,269
Total current assets		25,320,047	48,738,365	70,837,894
Non-current assets				
Interests in related parties	11	15,129,878	14,486,259	5,586,259
Other financial assets	11	31,267,697	17,401,580	17,401,580
Property, plant and equipment	12	423,041	383,420	491,292
Intangible assets	13	1,673,883	1,617,689	1,289,079
Right-of-use assets	14	7,005,082	-	-
Total non-current assets		55,499,581	33,888,948	24,768,210
TOTAL ASSETS		80,819,628	82,627,313	95,606,104
LIABILITIES				
Current liabilities				
Trade and other payables	15	2,704,098	4,548,575	15,227,614
Government grants and project funds held		9,073,556	15,100,470	19,597,273
Contract liabilities	16	384,489	585,298	310,379
Employee benefit liabilities	17	2,144,325	2,022,805	2,142,834
Lease liabilities	14	462,382	-	-
Total current liabilities		14,768,850	22,257,148	37,278,100
Non-current liabilities				
Contract liabilities	16	74,977	151,779	178,437
Employee benefit liabilities	17	117,924	189,311	253,561
Lease liabilities	14	6,833,273	-	-
Total non-current liabilities		7,026,174	341,090	431,998
TOTAL LIABILITIES		21,795,024	22,598,238	37,710,098
NET ASSETS		59,024,604	60,029,075	57,896,006
MEMBERS FUNDS				
Reserves	18(a)	1,771,068	3,399,380	4,224,559
Accumulated funds	18(b)	57,253,536	56,629,695	53,671,447
		59,024,604	60,029,075	57,896,006

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 2020

	NOTE	Accumulated Funds $	National Fighting Fund Reserve $	Total Equity $
Balance as at 30 June 2018		54,643,847	4,224,559	58,868,406
Effect of adoption of				
- AASB 15 *Revenue from Contracts with Customers*		(972,400)	-	(972,400)
Restated balance as at 1 July 2018	18	53,671,447	4,224,559	57,896,006
Net surplus for the period		2,133,069		2,133,069
Other comprehensive income		-	-	-
Total comprehensive income		2,133,069	-	2,133,069
Transfers from National Fighting Fund reserve to accumulated funds		825,179	(825,179)	-
Balance as at 30 June 2019	18	56,629,695	3,399,380	60,029,075
Net deficit for the period		(1,004,471)	-	(1,004,471)
Other comprehensive income		-	-	-
Total comprehensive income		(1,004,471)	-	(1,004,471)
Transfers from National Fighting Fund reserve to accumulated funds		1,628,312	(1,628,312)	-
Balance as at 30 June 2020	18	57,253,536	1,771,068	59,024,604

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 2020

	NOTE	2020 $	2019 $
Operating activities			
Receipts from operations		28,828,208	37,482,118
Interest received		1,184,094	1,885,655
Dividends received		3,700,000	3,500,000
Distributions from managed funds		144,487	-
Government grants and project funds received		18,786,232	142,449,012
Interest payments on lease liabilities		(472,221)	-
Payments to suppliers and employees		(58,689,384)	(197,325,165)
Net cash flows used in operating activities	7(b)	(6,518,584)	(12,008,380)
Investing activities			
Purchase of property, plant and equipment		(185,246)	(73,808)
Purchase of intangible assets		(810,856)	(964,852)
Proceeds from disposal of financial instruments		5,000,000	5,000,000
Loan repayment by Members		14,000	-
Purchase of shares in Guild Group Holdings Ltd		(643,619)	(8,900,000)
Proceeds from sale of shares in GuildLink Pty Ltd		-	1
Purchase of units in managed funds		(15,000,000)	-
Net cash flows used in investing activities		(11,625,721)	(4,938,659)
Financing activities			
Repayment of lease liabilities		(449,462)	-
Net cash flows used in financing activities		(449,462)	-
Net increase / (decrease) in cash and cash equivalents		(18,593,767)	(16,947,039)
Cash and cash equivalents at beginning of period		34,716,813	51,663,852
Cash and cash equivalents at end of period	7	16,123,046	34,716,813

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

	2020 $	2019 $
Categories of expenditures		
Remuneration, and other employment-related costs and expenses, in respect of employees	12,424,303	14,422,577
Advertising	222,290	882,644
Operating costs	1,227,075	2,200,444
Donations to political parties	156,859	590,677
Legal costs	716,059	1,092,038

NOTE 1 ORGANISATIONAL INFORMATION

The financial statements of The Pharmacy Guild of Australia - National Secretariat (the Guild) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution passed by the National Council on 15 October 2020.

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 authorative pronouncements of the Australian Accounting Standards Board and *the Fair Work (Registered Organisations) Act 2009*.

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

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

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

To meet the reporting requirements of section 255 of the *Fair Work (Registered Organisations) Act 2009* the Guild has determined that it meets the requirements of paragraph 4 of *AASB 10 Consolidated Financial Statements* that permit an exemption from preparing consolidated financial statements. Instead these financial statements are separate financial statements and the accounting policies applied to investment in subsidiaries, jointly controlled entities and associates are listed in note 11 which disclose their measurement at cost. Under the Registered Rules of the Pharmacy Guild of Australia, the Guild prepares a separate set of consolidated financial statements which are available for all members upon request (or distributed to all members separately).

In March 2020, the World Health Organisation declared the outbreak of COVID-19 as a global pandemic. Management has considered the impact of COVID-19 on the preparation of the financial statements including the potential for changes in fair value or impairment of current and non-current assets. No adjustments have been made to the financial statements as at 30 June 2020 for the impacts of COVID-19.

b) Statement of compliance

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

c) New Australian accounting standards

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.

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

c) New Australian accounting standards (cont'd)

The following standards have been adopted for the first time in the financial year commencing 1 July 2019:

(i) AASB 15 *Revenue from Contracts with Customers*, which replaces AASB 118 *Revenue*, and AASB 1058 *Income of Not-for-Profit-Entities*, which replaces in the income recognition requirements of AASB 1004 *Contributions*.

(ii) AASB 16 *Leases* and amending standards, which replaces AASB 117 *Leases*.

Impact on adoption of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*

AASB 15 *Revenue from Contracts with Customers* supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example AASB 1058 *Income of Not-for-Profit Entities*.

AASB 1058 replaces the income recognition requirements in AASB 1004 *Contributions* that had previously applied to the entity. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that the timing of revenue or income recognition will depend on whether a performance obligation is identified, or a liability is recognised.

The entity adopted AASB 15 and AASB 1058 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The entity did not apply any other available optional practical expedients.

The nature and effect of the changes as a result of adoption of AASB 15 and AASB 1058 are described as follows:

Impact on the statement of comprehensive income (increase / (decrease))

	30 June 2019
Revenue from contracts with customers	$(302,000)
Net surplus	$(302,000)
Total comprehensive income	$(302,000)

Impact on the statement of financial position (increase / (decrease))

	30 June 2019	1 July 2018
Assets		
Trade and other receivables (decrease)	$(1,274,400)	$(972,400)
Equity		
Accumulated Funds (decrease)	$(1,274,400)	$(972,400)

The adoption of AASB 15 has resulted in a change 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 the performance obligation is satisfied, that is, when the accreditation is issued. Previously under AASB 118, the component for Assessment Fees was recognised as and when the assessment activities were performed.

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

c) New Australian accounting standards (cont'd)

Impact on adoption of AASB 16 *Leases*

AASB 16 *Leases* supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases—Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The entity has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The entity elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 July 2019. Instead, the entity applied the standard only to contracts that were previously identified as leases applying AASB 117 and Interpretation 4 at the date of initial application.

The entity has lease contracts for property and office equipment. Before the adoption of AASB 16, the entity classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of AASB 16, the entity applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

Regarding leases previously accounted for as operating leases, the entity recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The entity also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 July 2019:

- Right-of -use assets of $8,181,623 were recognised and presented separately in the statement of financial position.
- Lease liabilities of $8,181,623 were recognised.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

Operating lease commitments disclosed as at 30 June 2019	$7,249,451
Discounted using the entity's weighted average incremental borrowing rate of **6%**	$(1,590,992)
Lease payments relating to renewal periods not included in operating lease commitments at 30 June 2019	$2,523,164
Lease liability recognised as at 1 July 2019	**$8,181,623**

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

c) New Australian accounting standards (cont'd)

Impact on adoption of AASB 16 *Leases* (cont'd)

The effect of adoption of AASB16 as at 1 July 2019 (increase / (decrease)) is as follows:

	1 July 2019
Assets	
Right-of-use assets	$8,181,623
Total assets	$8,181,623
Liabilities	
Lease liabilities	$8,181,623
Total liabilities	**$8,181,623**

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 2020. These are outlined below.

Reference	Title	Summary	Application date of standard*	Impact on Guild financial report	Application date for Guild*
AASB 2020-1	*Classification of liabilities as current or non-current*	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.	1 January 2022	The Guild has not yet determined the impact of the amendments	1 July 2022

d) Revenue Recognition

The entity enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, accreditations, administration of government programs and grants.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the entity has a contract with a customer, the entity recognises revenue when or as it transfers control of goods or services to the customer. The entity accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

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

d) Revenue Recognition (cont'd)

Membership subscriptions
For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the entity.

The entity recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the entity's promise to stand ready to provide assistance and support to the member as required.

For member subscriptions paid annually in advance, the entity has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

Capitation fees
Where the entity's arrangement with a branch or another reporting unit meets the criteria to be a contract with a customer, the entity recognises the capitation fees promised under that arrangement when or as it transfers the goods or services that will transfer as part of the specific promise to the branch/other reporting unit.

In circumstances where the criteria for a contract with a customer are not met, the entity will recognise capitation fees as income upon receipt.

Accreditation Fees
For accreditation arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised services are transferred to the customer, being an accredited pharmacy.

The entity recognises revenue at the point in time that the accreditation service is provided, that is when the accreditation is issued.

Administration of Government Programs
Revenue from the administration of government programs is recognised over the period of time that the contractual performance obligations are satisfied.

Interest
For all financial instruments measured at amortised cost, 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.

e) Government Grants

Grants received on the enforceable condition that sufficiently specific services are delivered are considered to be an arrangement that meets the criteria of a contract with a customer. Such grants are initially recognised as a liability when the grant is received, and revenue is recognised as performance obligations are fulfilled.

In circumstances where the criteria for a contract with a customer are not met, the entity will recognise grant revenue upon receipt.

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

f) Leases

The entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Entity as a lessee
The entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The entity recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land & buildings	**13.5 years**
Plant and equipment	**2 to 3 years**

If ownership of the leased asset transfers to the reporting unit at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities
At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the entity and payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the entity uses the incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The entity’s short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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

g) 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.

h) Taxes

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

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST except:

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

ii) when receivables and payables are stated with the amount of GST included

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

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

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

i) Property, Plant and Equipment

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:
Plant and equipment - 3 to 10 years
Motor vehicles - 5 years

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

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

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

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

j) Intangible assets

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

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

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

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

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

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:

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

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

k) Financial assets - initial recognition and subsequent measurement

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

Contract assets and receivables
A contract asset is recognised when the Guild's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Guild's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment.

Initial recognition and measurement
Financial assets are classified, at initial recognition, and 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 15. 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.

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

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

ii) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

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

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

Impairment of financial assets
The Guild 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.

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

l) Impairment of non-financial assets

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

Value in use for Guild assets is taken to be its 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 following assets have specific characteristics for impairment testing:

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

m) Trade and other payables

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

n) Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Guild transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Guild performs under the contract (i.e., transfers control of the related goods or services to the customer).

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

o) 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.

p) Fair value measurement

The Guild measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date.

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

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

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

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

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

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

p) Fair value measurement (cont’d)

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Guild determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Guild has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

q) Current versus non-current classification

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

An asset is current when it is:

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

The Guild classifies all other assets as non-current.

A liability is current when:

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

The Guild classifies all other liabilities as non-current.

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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.

d) Leases – Estimating the incremental borrowing rate
The Guild cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Guild would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Guild ‘would have to pay’, which requires estimation when no observable rates are available (such as for entities that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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).

	2020 $	2019 $
NOTE 5 INCOME		
Revenue from contracts with customers		
Membership subscriptions	3,950,895	3,887,756
Capitation fees	-	-
Fighting fund income from other entities	122,125	22,126
Levies (compulsory or voluntary)	-	-
Quality Care Pharmacy Program (QCPP) income:		
Accreditation fees	11,893,806	12,247,319
Sale of QCPP related items	687	1,400
Administration of government programs	1,056,312	8,778,925
Training module development and hosting	537,563	437,318
Contributions for project work	389,418	606,535
Pharmacy resource tools	8,960	12,857
Vaccination services	603,271	292,493
	18,563,037	26,286,729
Component of membership subscriptions allocated to the Fighting Fund	1,481,539	1,457,642
Other income		
Commissions from controlled entity	1,265,555	977,619
Distribution income from managed funds	807,134	-
Dividend income from controlled entity	3,700,000	3,500,000
Donations received	-	-
Fair value gain / (loss) on instruments at fair value through profit and loss	(1,119,883)	-
Interest received:		
Controlled entities	824,740	1,009,079
Other entities	299,531	845,884
Government grants and project funds	8,729,315	147,282,207
Recovery of wages activity	-	-
Referral fees from controlled entity	3,185,860	3,309,487
Sponsorship income	182,000	343,023
Other income	1,226,023	624,687
	19,100,275	157,891,986
	37,663,312	184,178,715
NOTE 6 EXPENSES		
Remuneration and employee benefits expense		
Wages and salaries - officers	994,781	890,664
Wages and salaries - employees (other than officers)	9,267,836	10,216,793
Superannuation - officers	80,017	70,241
Superannuation - employees (other than officers)	1,063,089	1,180,851
Provision for annual leave - officers	(6,283)	(26,701)
Provision for annual leave - employees (other than officers)	220,699	187,957
Provision for long service leave - officers	15,392	14,853
Provision for long service leave - employees (other than officers)	(35,117)	199,217
Separation and redundancies - officers	-	-
Separation and redundancies - employees (other than officers)	115,673	719,059
Other on-costs (payroll tax and workers compensation expenses)	708,216	969,643
Total remuneration and employee benefits expense	12,424,303	14,422,577
Depreciation and amortisation		
Depreciation of property, plant and equipment	145,625	178,282
Amortisation of intangible assets	754,662	636,242
Depreciation of right-of-use assets	740,035	-
	1,640,322	814,524

	2020 $	2019 $
NOTE 6 EXPENSES (cont'd)		
Other expenses		
Administrative expenses	786,519	810,440
Affiliation fees (a)	91,705	79,293
Audit fees	99,718	131,714
Bank fees	44,292	78,829
Branch funding - membership subscription balancing adjustment	57,000	166,000
Branch funding - pharmacy service support	4,129,222	4,139,426
Branch funding - legal assistance	24,026	195,756
Branch funding - projects	101,667	-
Campaign expenses	-	544,935
Capitation fee	-	-
Communication and marketing	222,290	337,709
Compulsory levies	-	-
Conference management	-	650
Consideration for employers making payroll deductions of membership subscriptions	-	-
Consultants expenses	3,260,021	2,479,627
Donations and grants (b)	168,541	635,079
E-learning and training material expenses	166,098	90,189
Government grant expenses and program payments	8,081,689	146,764,293
Government program external administration costs	-	165,314
Interest on lease liabilities	472,221	-
Legal expenses - litigation	233,299	358,009
Legal expenses - other legal matters	482,760	734,029
Loss on disposal of fixed assets	-	3,398
Meeting & conference - fees/allowances (excluding employee remuneration)	-	-
Meeting expenses:		
National Council	269,441	335,629
Committee expenses	231,652	140,412
Other meeting expenses	55,410	122,417
National membership database	113,110	62,269
Penalties imposed under the RO Act and the *Fair Work Act 2009*	-	-
QCPP assessment expenses	2,261,042	3,773,633
Rent paid	-	830,865
Special projects	498,873	494,115
Standards materials expenses	-	107
Subsidies to branches	883,211	946,437
Travel expenses (local and overseas)	283,154	418,041
Vaccination services	543,916	282,717
Other expenses	1,042,281	1,687,213
Total other expenses	24,603,158	166,808,545

(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:

	2020	2019
Australian Chamber of Commerce and Industry	57,500	56,498
Council of Small Business of Australia	9,180	9,180
World Pharmacy Council	25,025	13,615
	91,705	79,293

(b) Grants or donations paid:

		2020	2019
Grants:	Total paid that were $1,000 or less	-	-
	Total paid that exceeded $1,000	-	-
Donations:	Total paid that were $1,000 or less	2,995	6,339
	Total paid that exceeded $1,000	165,546	628,740
		168,541	635,079

	2020 $	2019 $

NOTE 7 CASH AND SHORT-TERM DEPOSITS

	2020 $	2019 $
Guild cash		
Cash at bank and on hand	5,371,462	10,149,743
Short-term deposits	1,500,000	9,500,000
Guild cash at bank, on hand and short-term deposits	6,871,462	19,649,743
Cash held in trust		
Cash at bank held in trust (a)	9,251,584	15,067,070
Total cash and short-term deposits	16,123,046	34,716,813

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:

	2020 $	2019 $
Cash at bank and on hand	14,623,046	25,216,813
Short-term deposits	1,500,000	9,500,000
	16,123,046	34,716,813

Reconciliation of operating surplus to net cash flows from operations:

	2020 $	2019 $
Operating surplus / (deficit)	(1,004,471)	2,133,069
Adjustments for:		
Depreciation of property, plant and equipment	145,625	178,282
Amortisation of intangible assets	754,662	636,242
Depreciation of right of use assets	740,035	-
Net loss on disposal of fixed assets	-	3,398
Fair value loss on instruments at fair value through profit and loss	1,119,883	-
Changes in assets and liabilities		
(Increase) / decrease in trade and other receivables	176,206	216,698
(Increase) / decrease in other current assets	(351,655)	(64,209)
Increase / (decrease) in trade and other payables	(2,061,596)	(10,804,200)
Increase / (decrease) in employee benefit liabilities	50,133	(184,279)
Increase / (decrease) in contract liabilities	(277,611)	248,261
Increase / (decrease) in net GST payable	217,119	125,161
Increase / (decrease) in government grants and project funds	(6,026,914)	(4,496,803)
Net cash flows from / (used in) operating activities	(6,518,584)	(12,008,380)

NOTE 7 CASH AND SHORT-TERM DEPOSITS (cont'd)

(c) Related party operating cash flows

	2020 $	2019 $
Cash inflows		
Branches:		
New South Wales	1,666,659	1,739,119
Victoria	931,759	905,946
Queensland	963,127	989,628
South Australia	351,016	338,395
Western Australia	593,178	587,550
Tasmania	528,010	173,854
Australian Capital Territory	119,849	113,438
Northern Territory	48,595	40,057
Other related parties:		
Gold Cross Products and Services Pty Ltd	1,346,220	1,339,751
Guild Group Holdings Limited	4,518,796	4,503,135
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd	62,309	99,358
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	3,619,752	3,577,165
Guild Financial Services Ltd, a subsidiary of Guild Group Holdings Ltd	5,500	5,500
Fred Health Pty Ltd, an associate of the Victoria Branch	16,638	15,500
Total related party cash inflows from operating activites	14,771,408	14,428,396
Cash outflows		
Branches:		
New South Wales	(1,412,146)	(1,388,959)
Victoria	(917,815)	(1,250,912)
Queensland	(1,312,767)	(1,151,371)
South Australia	(476,050)	(432,477)
Western Australia	(701,487)	(677,161)
Tasmania	(582,720)	(553,832)
Australian Capital Territory	(517,297)	(417,911)
Northern Territory	(517,478)	(558,512)
Other related parties		
Gold Cross Products and Services Pty Ltd	(11,137)	(9,139)
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd	(662,046)	(39,141)
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	(121,689)	(190,889)
Meridian Lawyers Ltd, a subsidiary of Guild Group Holdings Ltd	(363,405)	(341,266)
Guild Properties (VIC) Unit trust, a subsidiary of the Victoria Branch	(99,418)	(80,956)
Total related party cash outflows used in operating activites	(7,695,455)	(7,092,526)

NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)

	2020 $	2019 $
Trade and other receivables	1,592,679	1,906,065
Allowance for expected credit losses	-	-
	1,592,679	1,906,065
Amounts receivable from related entities:		
Branch debtors	349,174	271,703
Gold Cross Products and Services Pty Limited	348,150	200,371
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	1,216,789	1,298,129
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd	3,076	9,806
Carrying amount of trade and other receivables	3,509,868	3,686,074

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:

	2020 $	2019 $
New South Wales	165,629	133,526
Victoria	90,364	69,762
Queensland	40,912	23,012
South Australia	3,675	4,608
Western Australia	33,244	15,294
Tasmania	6,683	12,074
Australian Capital Territory	3,186	5,424
Northern Territory	5,481	8,003
	349,174	271,703
Allowance for expected credit loss	-	-
	349,174	271,703

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.

	2020 $	2019 $

NOTE 9 OTHER FINANCIAL ASSETS (CURRENT)

	2020 $	2019 $
Term deposits	5,000,000	10,000,000
	5,000,000	10,000,000

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 10 OTHER CURRENT ASSETS (CURRENT)

	2020 $	2019 $
Prepayments	687,133	335,478
	687,133	335,478

NOTE 11 FINANCIAL ASSETS (NON-CURRENT)

Interests in Related Parties

	2020 $	2019 $
At Cost		
Investments in controlled entities:		
Shares in controlled entities - unlisted		
GuildNET Pty Limited		
18 ordinary shares (2020: 100%, 2019: 100%)	18	18
Guild Group Holdings Limited		
3,585,434 ordinary shares at $1 per share (2020: 100%, 2019: 100%)	3,585,434	3,585,434
20,000 ordinary shares at $100 per share (2020: 100%, 2019: 100%)	2,000,000	2,000,000
263,236 ordinary shares at $33.81 per share (2020: 100%, 2019: 100%)	8,900,000	8,900,000
19,036 ordinary shares at $33.81 per share (2020: 100%, 2019: Nil)	643,619	-
Gold Cross Products and Services Pty Ltd		
402 ordinary shares (2020: 100%, 2019: 100%)	804	804
National Pharmacy Television Pty Limited		
1 ordinary share (2020: 100%, 2019: 100%)	1	1
	15,129,876	14,486,257
Investment in jointly controlled entity:		
Shares in jointly controlled entity - unlisted		
Australian Association of Consultant Pharmacy Pty Limited		
2 ordinary shares at cost (2020: 50%, 2019: 50%)	2	2
Total interests in related parties	15,129,878	14,486,259

	2020 $	2019 $
NOTE 11 FINANCIAL ASSETS (NON-CURRENT) (Cont'd)		
Other Financial Assets		
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	56,000	70,000
Total Financial Assets at Amortised Cost	17,387,580	17,401,580
Financial Assets at Fair Value through Profit or Loss		
Managed funds	13,880,117	-
Total Financial Assets at Fair Value through Profit or Loss	13,880,117	-
Total Other Financial Assets	31,267,697	17,401,580
Total Financial Assets (Non-current)	46,397,575	31,887,839

(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 14 years and 11 months and are repayable on 31 May 2029. 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.

Managed funds are evaluated based on the withdrawal price for funds in the managed investment scheme.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of period

	2020 $	2019 $
Office equipment - at cost		
As at 1 July, net of accumulated depreciation and impairment	273,452	373,167
Additions	185,246	73,808
Disposals	-	(393)
Depreciation	(143,478)	(173,130)
As at 30 June, net of accumulated depreciation and impairment	315,220	273,452
Cost	3,602,260	3,422,833
Accumulated depreciation and impairment	(3,287,040)	(3,149,381)
Net carrying amount	315,220	273,452
Motor vehicles - at cost		
As at 1 July, net of accumulated depreciation and impairment	2,147	7,299
Depreciation	(2,147)	(5,152)
As at 30 June, net of accumulated depreciation and impairment	-	2,147
Cost	25,760	25,760
Accumulated depreciation and impairment	(25,760)	(23,613)
Net carrying amount	-	2,147
Artwork - at cost		
As at 1 July, net of accumulated depreciation and impairment	91,195	94,200
Disposals	-	(3,005)
As at 30 June, net of accumulated depreciation and impairment	91,195	91,195
Net carrying amount	91,195	91,195
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	16,626	16,626
Net carrying amount	16,626	16,626
Total Property, Plant and Equipment - at cost		
As at 1 July, net of accumulated depreciation and impairment	383,420	491,292
Additions	185,246	73,808
Disposals	-	(3,398)
Depreciation	(145,625)	(178,282)
As at 30 June, net of accumulated depreciation and impairment	423,041	383,420
Cost	3,735,841	3,556,414
Accumulated depreciation and impairment	(3,312,800)	(3,172,994)
Net carrying amount	423,041	383,420

NOTE 13 INTANGIBLE ASSETS

Reconciliation of carrying amounts at the beginning and end of period

	2020 $	2019 $
Software - at cost		
As at 1 July, net of accumulated amortisation and impairment	1,248,742	997,534
Additions	67,385	221,165
Transfers	577,287	666,285
Amortisation	(754,662)	(636,242)
As at 30 June, net of accumulated amortisation and impairment	1,138,752	1,248,742
Cost	4,845,448	4,586,597
Accumulated amortisation and impairment	(3,706,696)	(3,337,855)
Net carrying amount	1,138,752	1,248,742
Software in progress - at cost		
As at 1 July	368,947	291,545
Additions	743,471	743,687
Transfers	(577,287)	(666,285)
As at 30 June	535,131	368,947
Net carrying amount	535,131	368,947
Total intangible assets - at cost		
As at 1 July, net of accumulated amortisation and impairment	1,617,689	1,289,079
Additions	810,856	964,852
Amortisation	(754,662)	(636,242)
As at 30 June, net of accumulated amortisation and impairment	1,673,883	1,617,689
Cost	5,380,579	4,955,544
Accumulated amortisation and impairment	(3,706,696)	(3,337,855)
Net carrying amount	1,673,883	1,617,689

NOTE 14 LEASES

Entity as a lessee

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2020 $	2019 $
Land and buildings		
As at 1 July, net of accumulated depreciation and impairment	-	-
Adoption of AASB 16	7,962,109	-
Re-measurement of lease liability due to lease modification	(436,506)	-
Depreciation	(634,668)	-
As at 30 June, net of accumulated amortisation and impairment	6,890,935	-
Cost	7,525,603	
Accumulated depreciation and impairment	(634,668)	
Net carrying amount	6,890,935	-
Office equipment		
As at 1 July, net of accumulated depreciation and impairment	-	-
Adoption of AASB 16	219,514	-
Depreciation	(105,367)	-
As at 30 June, net of accumulated amortisation and impairment	114,147	-
Cost	219,514	-
Accumulated depreciation and impairment	(105,367)	-
Net carrying amount	114,147	-

NOTE 14 LEASES (Cont'd)

	2020 $	2019 $
Total right-of-use assets		
As at 1 July, net of accumulated depreciation and impairment	-	-
Adoption of AASB 16	8,181,623	-
Re-measurement of lease liability due to lease modification	(436,506)	-
Depreciation	(740,035)	-
As at 30 June, net of accumulated amortisation and impairment	7,005,082	-
Cost	7,745,117	-
Accumulated depreciation and impairment	(740,035)	-
Net carrying amount	7,005,082	-

Leases

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020 $	2019 $
Land & Buildings		
As at 1 July	-	-
Adoption of AASB 16	7,962,109	-
Re-measurement of lease liability due to lease modification	(436,506)	-
Accretion of interest	461,692	-
Payments	(813,415)	-
As at 30 June	7,173,880	-
Office equipment		
As at 1 July	-	-
Adoption of AASB 16	219,514	-
Accretion of interest	10,529	-
Payments	(108,268)	-
As at 30 June	121,775	-
Total leases		
As at 1 July	-	-
Adoption of AASB 16	8,181,623	-
Re-measurement of lease liability due to lease modification	(436,506)	-
Accretion of interest	472,221	-
Payments	(921,683)	-
As at 30 June	7,295,655	-
Current	462,382	-
Non-current	6,833,273	-
	7,295,655	-

The maturity analysis of lease liabilities is disclosed in Note 23(v).

The following are the amounts recognised in profit or loss

	2020 $	2019 $
Depreciation expense of right-of-use assets	740,035	-
Interest expense on lease liabilities	472,221	-
Total amount recognised in profit or loss	1,212,256	-

The following provides information on the Guild's variable lease payments, including the magnitude in relation to fixed payments

	2020 $	2019 $
Fixed rent	(921,683)	-
Variable rent with minimum payment	-	-
Variable rent only	-	-
	(921,683)	-

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	2020 $	2019 $
Extension options not expected to be exercised	202,651	-
Termination options expected to be exercised	-	-
	202,651	-

	2020 $	2019 $

NOTE 15 TRADE AND OTHER PAYABLES (CURRENT)

	2020 $	2019 $
Trade and other payables	711,438	965,021
Accrued expenses	666,918	2,302,607
Amounts payable to related entities:		
Branch creditors	518,092	654,450
Gold Cross Products and Services Pty Limited	1,095	2,808
Guild Insurance Limited, a subsidiary of Guild Group Holdings Ltd	153,707	95,284
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd	160,815	205,875
Meridian Lawyers Limited, a subsidiary of Guild Group Holdings Ltd	44,443	87,655
Consideration for employers making payroll deductions of membership subscriptions	-	-
Net GST payable	447,590	230,471
Amounts held on trust:		
Medicines Partnership of Australia (MPA)	-	4,404
	2,704,098	4,548,575

	2020 $	2019 $
Payables include the following:		
Legal fees payable		
- In respect of litigation	-	8,589
- In respect of other legal matters	66,199	126,443
	66,199	135,032

(a) Fair value

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

(b) Related party payables

Branch creditors as at 30 June comprised:

	2020 $	2019 $
New South Wales	47	55,268
Victoria	1,955	23,012
Queensland	29,698	2,296
South Australia	18,680	8,050
Western Australia	4,020	76,729
Tasmania	175,126	193,527
Australian Capital Territory	38,500	79,771
Northern Territory	250,066	215,797
	518,092	654,450

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 CONTRACT LIABILITIES

	2020 $	2019 $
Contract Liabilities - current	384,489	585,298
Contract Liabilities - non-current	74,977	151,779
	459,466	737,077

Contract liabilities predominantly relate to training module development and hosting, and as such, the balance of this account varies depending on to the number of training modules at the end of the year.

	2020 $
Set out below is the amount of revenue recognised from:	
- Amounts included in contract liabilities at the beginning of the year	585,298
- Performance obligations satisfied (or partially satisfied) in previous years	-

	2020 $
The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at year end are as follows:	
- Within one year	384,489
- More than one year	74,977
	459,466

	2020 $	2019 $

NOTE 17 EMPLOYEE BENEFIT LIABILITIES

	2020 $	2019 $
Current		
Annual leave	1,033,593	919,876
Separation and redundancies	-	-
Long service leave	1,110,732	1,102,929
	2,144,325	2,022,805
Non-Current		
Long service leave	117,924	189,311
	117,924	189,311
Employee entitlements (annual leave) in respect of :		
- officers	28,405	34,688
- other employees	1,005,188	885,188
	1,033,593	919,876
Employee entitlements (separation and redundancies) in respect of:		
- officers	-	-
- other employees	-	-
	-	-
Employee entitlements (long service leave) in respect of:		
- officers	63,967	48,575
- other employees	1,164,689	1,243,665
	1,228,656	1,292,240

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

NOTE 18 RESERVES AND ACCUMULATED FUNDS

		2020 $	2019 $
(a)	**National Fighting Fund reserve**		
	Balance at the beginning of year	3,399,380	4,224,559
	Transfer from / (to) accumulated funds	(1,628,312)	(825,179)
	Balance at the end of year	1,771,068	3,399,380
	Total Reserves	1,771,068	3,399,380

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 2020 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.

		2020 $	2019 $
(b)	**Accumulated Funds**		
	Balance at the beginning of the year	56,629,695	53,671,447
	Net surplus / (deficit) attributable to the Guild	(1,004,471)	2,133,069
	Transfer from / (to) the Fighting Fund reserve	1,628,312	825,179
	Balance at the end of the year	57,253,536	56,629,695

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

NOTE 19 COMMITMENTS

(a) 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.

	2020 $	2019 $

NOTE 20 RELATED PARTY DISCLOSURES

The following related party transactions occurred during the financial year:

Sales Transactions

	2020 $	2019 $
Victoria Branch		
Membership subscriptions	822,253	800,674
National database on-charge	26,206	24,579
Cost reimbursement and other	17,323	15,374
	865,782	840,627
Queensland Branch		
Membership subscriptions	817,701	812,817
National database on-charge	26,110	26,117
Cost reimbursement and other	48,056	48,172
	891,867	887,106
New South Wales Branch		
Membership subscriptions	1,285,859	1,285,585
ICT support	191,100	194,250
National database on-charge	40,762	37,125
Cost reimbursement and other	26,607	40,793
	1,544,328	1,557,753
South Australia Branch		
Membership subscriptions	294,845	287,134
National database on-charge	9,359	8,987
Cost reimbursement and other	14,121	9,714
	318,325	305,835
Western Australia Branch		
Membership subscriptions	517,578	501,109
National database on-charge	15,471	15,471
Cost reimbursement and other	22,522	19,025
	555,571	535,605
Tasmania Branch		
Membership subscriptions	114,953	106,975
Cost reimbursement and other	394,096	63,551
	509,049	170,526
Australian Capital Territory Branch		
Membership subscriptions	67,193	65,409
Cost reimbursement and other	39,408	42,138
	106,601	107,547
Nothern Territory Branch		
Membership subscriptions	30,515	28,053
Cost reimbursement and other	11,370	13,159
	41,885	41,212
Gold Cross Products and Services Pty Ltd		
Commissions	1,265,555	977,619
Sponsorship	24,091	24,091
Interest	25,944	25,944
Cost reimbursement and other	44,946	42,142
	1,360,536	1,069,796

NOTE 20 RELATED PARTY DISCLOSURES (Cont'd)

	2020 $	2019 $
Guild Group Holdings Ltd		
Dividend	3,700,000	3,500,000
Interest	798,796	983,135
Sponsorship	18,182	18,182
	4,516,978	4,501,317
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd		
Sponsorship	9,091	9,091
Sponsorship on-paid to external entity	2,000	2,000
Cost reimbursement and other	39,436	65,435
	50,527	76,526
Guild Insurance Ltd, a subsidiary of Guild Group Holdings Ltd		
Referral fees	3,185,860	3,309,487
Insurance recoveries	-	11,539
Sponsorship on-paid to external entity	5,000	10,000
Other	25,879	536
	3,216,739	3,331,562
Guild Financial Services Ltd, a subsidiary of Guild Group Holdings Ltd		
Sponsorship on-paid to external entity	5,000	5,000
	5,000	5,000
Fred Health Pty Ltd, an associate of the Victorian Branch		
Sponsorship	9,091	9,091
Sponsorship on-paid to external entity	5,000	5,000
Other	1,034	-
	15,125	14,091
Purchase Transactions		
Victoria Branch		
Branch funding - pharmacy service support	(755,480)	(755,480)
Branch funding - membership subscription balancing adjustement	-	(69,000)
Branch funding - political donation	(2,273)	(250,000)
Branch funding - legal assistance	-	(25,000)
Rent	(39,552)	(39,552)
Reimbursement and other	(28,836)	(29,804)
	(826,141)	(1,168,836)
The Guild Properties (VIC) Unit Trust, a subsidiary of the Victoria Branch		
Rent	(86,076)	(80,416)
	(86,076)	(80,416)
Queensland Branch		
Branch funding - pharmacy service support	(925,921)	(925,578)
Branch funding - Project work	(61,667)	-
CPD accreditation	(14,045)	(15,045)
Conferences and seminars	(35,166)	(26,168)
Sponsorship	(9,691)	(8,000)
Reimbursement and other	(69,499)	(61,025)
	(1,115,989)	(1,035,816)
New South Wales Branch		
Branch funding - pharmacy service support	(1,207,728)	(1,208,228)
Branch funding - political donation	-	(50,000)
Reimbursement and other	(25,841)	(23,691)
	(1,233,569)	(1,281,919)

	2020 $	2019 $
NOTE 20 RELATED PARTY DISCLOSURES (Cont'd)		
South Australia Branch		
Branch funding - pharmacy service support	(323,682)	(323,682)
Branch funding - membership subscription balancing adjustement	(57,000)	(57,000)
Reimbursement and other	(66,430)	(20,481)
	(447,112)	(401,163)
Western Australia Branch		
Branch funding - pharmacy service support	(445,192)	(445,191)
Branch funding - membership subscription balancing adjustement	-	(40,000)
Branch funding - legal assistance	(24,026)	(170,756)
Reimbursement and other	(110,541)	(29,584)
	(579,759)	(685,531)
Tasmania Branch		
Branch funding - pharmacy service support	(197,117)	(195,117)
Branch subsidy	(258,626)	(335,932)
Reimbursement and other	(57,509)	(22,076)
	(513,252)	(553,125)
Australian Capital Territory Branch		
Branch funding - pharmacy service support	(157,817)	(169,864)
Branch subsidy	(260,000)	(270,000)
Reimbursement and other	(14,935)	(12,621)
	(432,752)	(452,485)
Nothern Territory Branch		
Branch funding - pharmacy service support	(116,286)	(116,286)
Branch subsidy	(364,585)	(340,505)
Reimbursement and other	(20,833)	(16,025)
	(501,704)	(472,816)
Gold Cross Products and Services Pty Ltd		
Reimbursement and other	(8,566)	(10,862)
	(8,566)	(10,862)
GuildLink Pty Ltd, a subsidiary of Guild Group Holdings Ltd		
Project work	(560,896)	(190,700)
Reimbursement and other	-	(4,963)
	(560,896)	(195,663)
Guild Insurance Ltd, a subsidiary of Guild Group Holdings Ltd		
Corporate insurance premiums	(91,705)	(57,281)
Workers compensation	(85,880)	(79,648)
Car insurance	(1,257)	(1,246)
	(178,842)	(138,175)
Meridian Lawyers Ltd, a subsidiary of Guild Group Holdings Ltd		
Legal fees	(291,102)	(349,352)
	(291,102)	(349,352)

NOTE 21 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 (resigned 28 January 2020)
J.C. Dowling
T. Gross (appointed 28 January 2020)
D. Heffernan
P. Jones
A. Ngeow
H. O'Byrne
C. Owen
N. Panayiaris
G. Tambassis
A. Tassone
T. Twomey
N. Willis

	2020 $	2019 $
(ii) Compensation of National Councillors and other key management personnel		
Short-term employee benefits	2,603,032	2,454,908
Post employment benefits	236,117	228,230
Other long-term benefits	22,617	86,730
Termination benefits	30,177	573,344
Total compensation	2,891,943	3,343,212

NOTE 22 EVENTS AFTER THE BALANCE SHEET DATE

Due to the economic impact of the COVID-19 outbreak, bushfires, floods and hail in the 2019/20 financial year, Guild Group Holdings Limited may not be in a position to declare a dividend on ordinary shares in respect of the 2019/20 financial year.

NOTE 23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk Exposures and Responses

The Guild is exposed to interest rate risk, equity price 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:

	2020 $	2019 $
Financial Assets		
Cash and short-term deposits	16,123,046	34,716,813
Other financial assets (current)	5,000,000	10,000,000
Amounts receivable from controlled entities:		
Guild Group Holdings Limited	16,840,000	16,840,000
	37,963,046	61,556,813

At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the net surplus would have been affected as follows.

Judgments of reasonably possible movements:	Net Surplus Higher / (Lower) 2020 $	Net Surplus Higher / (Lower) 2019 $
+ 1% (100 basis points)	376,006	495,908
- 1% (100 basis points)	(376,006)	(495,908)

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.

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

(iii) Equity Price Risk

The Guild's non-listed equity investment in a managed fund is susceptible to market price risk arising from uncertainties about the future value of the investment. The Guild manages the equity price risk through the diversification strategy set by the fund manager. The National Council reviews and approves all equity investment decisions

At the reporting date, the following assets were exposed to equity price risk.

	2020 $	2019 $
Financial Assets		
Managed Funds	13,880,117	-

If equity prices had moved as illustrated in the table below, with all other variables held constant the effect on the net surplus and equity would have been as follows

Judgments of reasonably possible movements:	Net Surplus Higher / (Lower) 2020 $	Net Surplus Higher / (Lower) 2019 $
+ 10%	1,388,012	-
- 10%	(1,388,012)	-

The movements in net surplus are due to a higher/(lower) withdrawal price for the managed funds

The assessment of reasonably possible movements in equity price is based on expectations of movements in the withdrawal price for the managed funds.

(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 (2019: $16,840,000), there are no significant concentrations of credit risk within the Guild.

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

	Note	2020 $	2019 $
Cash and short-term deposits	7	16,123,046	34,716,813
Trade and other receivables (current)	8	3,509,868	4,960,474
Other financial assets (current)	9	5,000,000	10,000,000
Interests in related parties (non-current)	11	15,129,878	14,486,259
Other financial assets (non-current)	11	31,267,697	17,401,580
		71,030,489	81,565,126

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

Year ended 30 June 2020	Trade Receivables Days past due				
	Current	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0%	0%	0%	0%	
Estimated total gross carrying amount at default	3,446,628	3,967	31,593	27,680	3,509,868
Expected credit loss	-	-	-	-	-

Year ended 30 June 2019	Trade Receivables Days past due				
	Current	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	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	-	-	-	-	-

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

(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 and lease liabilities

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

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

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

Year ended 30 June 2020	<1 year	1 - 5 years	>5 years	Total
Financial Assets				
Cash and short-term deposits	16,123,046	-	-	16,123,046
Other financial assets (current)	5,000,000	-	-	5,000,000
Trade and other receivables	3,509,868	56,000	17,331,580	20,897,448
Financial assets as fair value through profit and loss	-	-	13,880,117	13,880,117
	24,632,914	56,000	31,211,697	55,900,611
Financial Liabilities				
Trade and other payables	2,704,098	-	-	2,704,098
Government grants and project funds held	9,073,556	-	-	9,073,556
Lease liabilities	462,382	1,182,736	5,650,537	7,295,655
	12,240,036	1,182,736	5,650,537	19,073,309
Net	12,392,878	(1,126,736)	25,561,160	36,827,302

Year ended 30 June 2019	<1 year	1 - 5 years	>5 years	Total
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
	49,677,287	70,000	17,331,580	67,078,867
Financial Liabilities				
Trade and other payables	4,548,575	-	-	4,548,575
Government grants and project funds held	15,100,470	-	-	15,100,470
	19,649,045	-	-	19,649,045
Net	30,028,242	70,000	17,331,580	47,429,822

(vi) Fair value hierarchy

The following table provides an analysis of financial and non-financial assets and liabilities that are measured at fair value by fair value hierarchy.

	Date of valuation	Level 1	Level 2	Level 3	Total
Year Ended 30 June 2020					
Assets measured at fair value:					
Managed funds	30 June 2020	-	13,880,117	-	13,880,117
		-	13,880,117	-	13,880,117
Year Ended 30 June 2019					
Assets measured at fair value:					
Managed funds	N/A	-	-	-	-
		-	-	-	-

There were no transfers between Level 1 and Level 2 during 2020 and 2019.

NOTE 24 AUDITOR REMUNERATION

	2020 $	2019 $
Remuneration to auditors		
Audit fees	69,673	64,615
Other assurance services	30,045	67,099
QCPP assessments	2,261,042	3,773,633
	2,360,760	3,905,347

NOTE 25 MISCELLANEOUS DISCLOSURES

(i) The National Secretariat is not reliant upon other reporting units in order to continue as a going concern.

(ii) The National Secretariat has not 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.

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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 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2020, 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 2020, 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.

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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.

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- 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

Ernst & Young

A Ewan

Anthony Ewan
Partner
Sydney
15 October 2020
Registration number (as registered by the RO Commissioner under the RO Act): AA2017/172