



Australian Government
Registered Organisations Commission

21 November 2019

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

By e-mail:

Dear Mr Heffernan

Re: – Pharmacy Guild of Australia, New South Wales Branch, - financial report for year ending 30 June 2019 (FR2019/192)

I refer to the financial report of the New South Wales Branch of the Pharmacy Guild of Australia. The documents were lodged with the Registered Organisations Commission (**ROC**) on 12 November 2019.

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

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

Reporting Requirements

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

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

Yours faithfully

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

Stephen Kellett
Financial Reporting
Registered Organisations Commission



**The Pharmacy
Guild of Australia**
NSW Branch

The Pharmacy Guild of Australia NSW Branch

S.268 fair work (Registered Organisations) Act 2009

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ended 30th June 2019

I, David Heffernan, being the NSW Branch President of the Pharmacy Guild of Australia NSW Branch certify;

- The Documents lodged herewith are copies of the full report for the Pharmacy Guild Of Australia NSW Branch for the period ended referred to s.268 fair work (Registered Organisations) Act 2009 and
- That the full report was provided to members of the reporting unit on Tuesday 8th October 2019 and
- That the full report was presented at a general meeting of members of the reporting unit on Thursday 31st October 2019 in accordance with s.268 fair work (Registered Organisations) Act 2009

Signature of Designated officer

Name of Prescribed designated officer: David Heffernan

Title of Prescribed designated officer: NSW Branch President

Dated: Tuesday 12th November 2019

1 Regulation 162 of the *Fair Work (Registered Organisations) Regulations 2009* defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268 (c) as:

(a) the secretary; or

(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

New South Wales Branch

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

ABN 87 740 877 429

FULL REPORT CONSISTING OF

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

30 JUNE 2019

The Pharmacy Guild of Australia (NSW Branch)

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The Pharmacy Guild of Australia (NSW Branch)

Operating report

For the year ended 30 June 2019

The committee presents its report on The Pharmacy Guild of Australia (NSW Branch) for the financial year ended 30 June 2019.

(a) Review of principal activities:

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

(b) Significant changes in financial affairs:

There have been no significant changes during the year.

(c) Right of members to resign:

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

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

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

(e) Number of members:

As at 30 June 2019 the number of members of The Pharmacy Guild of Australia (NSW Branch) was 1,308 (2018: 1,372), including Honorary Life & 50 Year Life Members.

(f) Number of employees:

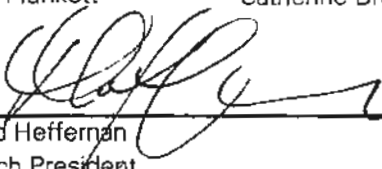
As at 30 June 2019 the number of employees of The Pharmacy Guild of Australia (NSW Branch) was 33 (2018: 31).

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

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

1 July 2018 - 30 June 2019

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



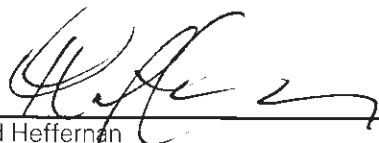
David Heffernan
Branch President

Dated at Sydney this 12th day of September 2019

The Pharmacy Guild of Australia (NSW Branch)
Expenditure report under subsection 255(2A)
For the year ended 30 June 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the The Pharmacy Guild of Australia (NSW Branch) for the year ended 30 June 2019.

<i>In AUD</i>	2019	2018
Remuneration, and other employment-related costs and expenses, in respect of employees:	2,990,038	3,330,639
Advertising expenses	78,609	121,902
Operating costs	594,618	932,092
Donation to political parties	97,642	28,099
Legal costs	17,900	110,144
Other expenses	6,172,715	6,282,736
Total expenses	9,951,522	10,805,612



David Heffernan
Branch President

Dated at Sydney this 12th day of September 2019

The Pharmacy Guild of Australia (NSW Branch)

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

<i>In AUD</i>	Notes	2019	2018
Revenue			
Membership subscriptions revenue		3,375,191	3,454,047
Government program revenue	4A	3,838,866	4,102,847
Learning & development revenue		602,370	688,470
National secretariat funding revenue		1,207,728	1,208,940
Commissions revenue		322,004	351,757
Certification revenue		362,429	314,318
Rental revenue		10,387	5,127
Other revenue		151,984	70,681
Capitation fees and levies revenue		-	-
Total revenue		9,870,959	10,196,186
Expenses			
Depreciation and amortisation	5A	375,424	240,602
Legal fees	5B	17,900	110,144
Employee expenses	5C	2,990,038	3,330,639
Grants or donations	5D	101,422	30,945
Program related costs	5E	3,555,561	3,648,284
Audit fees		84,385	129,750
Bank fees and charges		31,193	22,900
Capitation and affiliation fees	5H	1,285,733	1,309,963
Administration expenses	5F	1,183,982	1,598,961
Other expenses	5G	325,884	383,424
		9,951,522	10,805,612
Interest income		123,118	317,733
Net finance income		123,118	317,733
Surplus/(Deficit) for the year		42,555	(291,693)
Other Comprehensive Income			
<i>Items that will be subsequently reclassified to profit or loss</i>			
Gain on revaluation of artworks	15	-	132,810
Total other comprehensive income for the year		-	132,810
Total comprehensive profit/(loss) for the year		42,555	(158,883)

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

The Pharmacy Guild of Australia (NSW Branch)

Statement of financial position

As at 30 June 2019

<i>In AUD</i>	Note	2019	2018
Current assets			
Cash and cash equivalents	7	8,401,684	6,932,548
Trade and other receivables	8	1,088,480	1,972,500
Inventories		-	-
Other current assets	9	83,186	250,910
Total current assets		<u>9,573,350</u>	<u>9,155,957</u>
Non-current assets			
Financial assets	10	34	34
Property, plant and equipment	11	8,393,373	8,255,257
Total non-current assets		<u>8,393,407</u>	<u>8,255,291</u>
Total assets		<u>17,966,757</u>	<u>17,411,248</u>
Current liabilities			
Trade and other payables	12	2,363,823	2,416,191
Deferred income	14	2,269,159	1,745,145
Employee provisions	13	182,238	185,732
Total current liabilities		<u>4,815,220</u>	<u>4,347,067</u>
Non-current liabilities			
Employee provisions	13	128,650	83,849
Total non-current liabilities		<u>128,650</u>	<u>83,849</u>
Total liabilities		<u>4,943,870</u>	<u>4,430,916</u>
Net assets		<u>13,022,887</u>	<u>12,980,332</u>
Equity			
Reserves	15	205,558	205,558
Retained earnings		12,817,329	12,774,774
Total equity		<u>13,022,887</u>	<u>12,980,332</u>

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

The Pharmacy Guild of Australia (NSW Branch)

Statement of changes in equity

For the year ended 30 June 2019

<i>In AUD</i>	Retained earnings	Asset revaluation reserve	Total equity
Balance at 1 July 2017	13,066,467	72,748	13,139,215
Deficit for the year	(291,693)	-	(291,693)
<i>Other comprehensive income</i>			
Gain on revaluation of artworks	-	132,810	132,810
Total comprehensive income for the year	(291,693)	132,810	(158,883)
Balance at 30 June 2018	12,774,774	205,558	12,980,332
Balance at 1 July 2018	12,774,774	205,558	12,980,332
Surplus for the year	42,555	-	42,555
<i>Other comprehensive income</i>			
Gain on revaluation of artworks	-	-	-
Total comprehensive income for the year	42,555	-	42,555
Balance at 30 June 2019	12,817,329	205,558	13,022,887

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

The Pharmacy Guild of Australia (NSW Branch)

Statement of cash flows

For the year ended 30 June 2019

<i>In AUD</i>	Note	2019	2018
Cash flows from operating activities			
Receipts from customers		10,589,434	8,098,471
Payments to suppliers, employees and others		(8,634,574)	(9,273,064)
Receipts from related parties	19(c)	1,614,450	2,046,716
Payments to related parties	19(c)	(1,709,752)	(2,476,682)
Interest received		123,118	317,733
Net cash outflow from / (used in) operating activities	19(b)	<u>1,982,676</u>	<u>(1,286,826)</u>
Cash flows from investing activities			
Proceeds from the disposal of property, plant and equipment		-	6,004
Payments for acquisition of property, plant and equipment		(513,540)	(8,036,173)
Net cash used in investing activities		<u>(513,540)</u>	<u>(8,030,169)</u>
Net increase/(decrease) in cash and cash equivalents		1,469,136	(9,316,995)
Cash and cash equivalents at beginning of financial year		6,932,548	16,249,543
Cash and cash equivalents at end of financial year	7, 19(a)	<u>8,401,684</u>	<u>6,932,548</u>

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

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements

For the year ended 30 June 2019

Note 1 Reporting entity

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

The Pharmacy Guild of Australia (NSW Branch) is a not-for-profit entity, the nature of the operations and principal activities of the Guild are as described in the Operating Report. The principal place of business of The Pharmacy Guild of Australia (NSW Branch) is Level 2, Suite 201, 10 Norbrik Drive, Bella Vista NSW 2153.

The financial report of The Pharmacy Guild of Australia (NSW Branch) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution passed by the Committee of Management on 12 September 2019.

Note 2 Basis of preparation

(a) Statement of compliance

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

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

This is the first set of the Guild's annual financial statements in which AASB 9 *Financial Instruments* has been applied. Changes to significant accounting policy are described in Note 3.

(b) Basis of measurement

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

(c) Functional and presentational currency

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

(d) Comparative information

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

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements

For the year ended 30 June 2019

Note 2 Basis of preparation (continued)

(e) New standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2019 and earlier application is permitted; however, the Guild has not early adopted the new or amended standards in preparing the financial report.

(i) *AASB 15 Revenue from Contracts with Customers*

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

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

(ii) *AASB 16 Leases*

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

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

(iii) *AASB 1058 Income of Not-for-Profit Entities*

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

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

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2019

Note 3 Significant accounting policies

(a) Changes to significant accounting policy

The Guild has initially applied AASB 9 and any consequential amendments to other standards from 1 July 2018.

Due to the transition methods chosen by the Guild in applying this standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

There is no impact to the Guild's financial statements or opening retained earnings as a result of adopting the new accounting standard.

Except for the changes below, the Guild has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

(i) AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 *Financial Instruments* from 1 July 2018 resulted in changes in accounting policies however no adjustments were required to the amounts recognised in the financial statements in previous periods. The new accounting policies are set out below.

On 1 July 2018, the Guild has classified its financial instruments in the appropriate AASB 9 categories.

All recognised financial assets that are within the scope of AASB 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets classified as held-to-maturity and loans and receivables under AASB 139 that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Apart from the above, the application of AASB 9 has had no impact on the classification and measurement of the Guild's financial assets and liabilities.

Impairment of financial assets

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Guild to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Guild has one type of financial assets that are subject to AASB 9's new expected credit loss model:

- Trade and other receivables

Trade and other receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there has been no identification of any impairment loss.

There was no AASB 9 impact on retained earnings at 1 July 2018.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2019

Note 3 Significant accounting policies (continued)

(b) Income tax

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

(c) Revenue

(i) Membership subscriptions revenue

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

(ii) Government program revenue

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

(iii) Learning & development revenue

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

(iv) Service revenue

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

(v) Other revenue

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

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

(d) Net finance income

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

(e) Cash and cash equivalents

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

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2019

Note 3 Significant accounting policies (continued)

(f) Property, plant and equipment

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

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

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

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

(i) Subsequent costs

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

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

(ii) Depreciation

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

The depreciation rates used for each class of assets are:

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

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

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

Note 3 Significant accounting policies (continued)

(g) Employee benefits

(i) Defined contribution plans - superannuation

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

(ii) Other long-term employee benefits

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

(iii) Short-term benefits

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

(h) Leases

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

(i) Goods and Services Tax (GST)

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

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

(j) Impairment of assets

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

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

Note 3 Significant accounting policies (continued)

(k) Financial instruments - Policy applicable from 1 July 2018

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Guild becomes a party to the contractual provisions of a financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

(iii) Subsequent measurement of financial assets

For the purposes of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost;
- Financial assets at fair value through profit or loss (FVTPL);
- Debt instruments at fair value through other comprehensive income (FVTOCI); and
- Equity instruments at FVTOCI.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

(a) Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. the Guild's receivables fall into this category of financial instruments.

Receivables comprise cash and cash equivalents, term deposits and trade and other receivables.

(iv) Impairment of financial assets

AASB 9's new forward-looking impairment model applies to the Guild's assets valued at amortised cost. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

(a) Trade and other receivables and contract assets

Trade and other receivables and contract assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Guild on terms that the Guild would not consider otherwise, indicators that a debtor or issuer will enter bankruptcy.

Note 3 Significant accounting policies (continued)

(k) Financial instruments - Policy applicable from 1 July 2018 (continued)

(iv) Impairment of financial assets (continued)

As most of these instruments have a high credit rating, the likelihood of default is deemed to be small. However, at each reporting date the Guild assesses whether there has been a significant increase in the credit risk of the instrument. In assessing these risks, the Guild relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Guild only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Guild would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk. In addition, the Guild considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrowers operating results. Should any of these indicators imply a significant increase in the instrument's credit risk, the Guild recognises for this instrument or class of instruments the lifetime expected credit losses.

(v) Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Guild's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below. The Guild's financial liabilities include, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Guild designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

(vi) Reconciliation of financial instruments on adoption of AASB 9

The table below shows the classification of each class of financial asset and financial liability under AASB 139 and AASB 9 as at 1 July 2018:

	AASB 139 classification	AASB 9 classification	AASB 139 carrying amount	AASB 9 carrying amount
Financial Assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	6,932,548	6,932,548
Trade and other receivables	Loans and receivables	Amortised cost	1,972,500	1,972,500
Financial Liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	2,416,191	2,416,191

Note 3 Significant accounting policies (continued)

(l) Financial instruments - Policy applicable for the period 1 July 2017 to 30 June 2018

(i) Non-derivative financial assets

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

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

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

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

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

(ii) Non-derivative financial liabilities

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

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

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

(m) Critical accounting estimates and judgements

The Branch Committee evaluates estimates and judgments incorporated into the financial report based on

Key estimates - Provision for doubtful debts

The Branch Committee assesses the provision for doubtful debts by reviewing trade and other receivables at each balance date and determining if there are indications that amounts owing to the guild are not in accordance with the expected credit loss model.

(n) Fair value measurement

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

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

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

Note 3 Significant accounting policies (continued)

(n) Fair value measurement (continued)

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

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

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

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

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

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

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

(o) Principles of consolidation

(i) Subsidiaries

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

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

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

For the year ended 30 June 2019, the Guild has not prepared consolidated financial statements as the controlled entities are dormant, and would therefore have an immaterial impact on the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows for the Guild as at and for the year ended 30 June 2019.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2019

Note 4 Revenue

4A: Government program revenue

<i>In AUD</i>	2019	2018
Methadone incentive scheme funding	1,489,500	1,535,993
Needle and syringe exchange funding	2,341,920	2,470,293
Quit for new life funding	2,309	92,302
Other program funding	5,137	4,260
	<u>3,838,866</u>	<u>4,102,847</u>

4B: Revenue from recovery of wages activity

<i>In AUD</i>	2019	2018
Amounts recovered from employers in respect of wages	-	-
Interest received on recovered monies	-	-
	<u>-</u>	<u>-</u>

Note 5 Expenses

5A: Depreciation and amortisation

<i>In AUD</i>	2019	2018
Buildings and leasehold improvements	-	164,162
Plant and equipment	173,004	76,440
Buildings	202,420	-
	<u>375,424</u>	<u>240,602</u>

5B: Legal costs

<i>In AUD</i>	2019	2018
Litigation	-	-
Other legal matters	17,900	110,144
	<u>17,900</u>	<u>110,144</u>

5C: Employee benefit expenses

<i>In AUD</i>	2019	2018
Holders of office:		
Salaries and wages	139,747	136,445
Superannuation	13,276	12,962
Leave and other entitlements	7,514	9,987
Separation and redundancies	-	-
Other employee expenses	-	9,164
Subtotal employee expenses holders of office	<u>160,537</u>	<u>168,558</u>

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2019

Note 5 Expenses (continued)

5C: Employee benefit expenses (continued)

<i>In AUD</i>	2019	2018
Employees other than office holders:		
Salaries and wages	2,146,167	2,374,342
Superannuation	228,923	272,802
Leave and other entitlements	279,755	220,135
Separation and redundancies	-	125,162
Other employee expenses	174,656	169,640
Sub total employees expenses other than office holders:	2,829,501	3,162,081
Total employee expenses	2,990,038	3,330,639

5D: Grants or donations

<i>In AUD</i>	2019	2018
Grants that were \$1,000 or less	-	-
Grants that exceeded \$1,000	3,780	3,600
Donations that were \$1,000 or less	9,033	3,054
Donations that exceeded \$1,000	88,609	25,045
	101,422	31,699

5E: Program Related Costs

<i>In AUD</i>	2019	2018
Methadone incentive scheme payments	1,489,900	1,311,937
Needle & syringe exchange payments	2,054,726	2,241,844
Quit for new life payments	6,018	94,503
Other program payments	4,917	-
	3,555,561	3,648,284

5F: Administrative expenses

<i>In AUD</i>	2019	2018
Consultancy and contractors fees	137,050	298,348
Property expenses	281,685	413,040
Information communication technology	268,174	443,192
Office expenses	209,857	175,072
Conference and meeting expenses	177,860	189,502
Other administrative expenses	109,356	79,807
Compulsory levies	-	-
Consideration to employers for payroll deductions of	-	-
	1,183,982	1,598,961

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2019

Note 5 Expenses (continued)

5G: Other Expenses

<i>In AUD</i>	2019	2018
Travel and accommodation expenses	140,785	157,138
Marketing expenses	78,609	121,902
Recruitment and training costs	68,269	65,077
Insurance	38,221	39,307
	<u>325,884</u>	<u>383,424</u>

5H: Capitation and affiliation fees

<i>In AUD</i>	2019	2018
National Secretariat of the Pharmacy Guild of Australia	1,285,733	1,309,963
	<u>1,285,733</u>	<u>1,309,963</u>

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

There are no capitation or affiliation fees paid to political parties and industrial bodies during the year ended 30 June 2019 (2018: nil).

Note 6 Key management personnel remuneration

<i>In AUD</i>	2019	2018
Short-term employee benefits		
Salaries	840,452	792,476
Non-cash benefits	16,001	29,996
Post-employment benefits		
Superannuation	75,474	66,317
	<u>931,927</u>	<u>888,789</u>

The number of people included as key management personnel is 21 (2018:22), consisting of branch committee members and senior management personnel.

Note 7 Cash and cash equivalents

<i>In AUD</i>	2019	2018
Cash at bank and on hand	4,321,017	2,857,835
Short term deposits	4,080,667	4,074,712
	<u>8,401,684</u>	<u>6,932,548</u>

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 8 Trade and other receivables

<i>In AUD</i>	2019	2018
Trade receivables	523,648	505,496
The Pharmacy Guild of Australia (National Secretariat)	-	779,462
Guild Insurance Limited	-	-
Gold Cross Products & Services Pty Limited	-	440
GuildLink Pty Limited	-	-
Guild Superannuation Services Pty Limited	-	-
Guild Group Holdings Limited	-	-
Meridian Lawyers Limited	-	-
Pharmacy Guild Sales and Valuations (NSW) Pty Limited	-	-
The Pharmacy Guild of Australia (ACT Branch)	-	-
The Pharmacy Guild of Australia (Northern Territory Branch)	-	-
The Pharmacy Guild of Australia (Queensland Branch)	-	-
The Pharmacy Guild of Australia (South Australia Branch)	-	-
The Pharmacy Guild of Australia (Tasmania Branch)	-	-
The Pharmacy Guild of Australia (Victoria Branch)	-	-
The Pharmacy Guild of Australia (Western Australia Branch)	-	-
Subtotal: Related party receivables	-	779,902
Trade receivables: Gross	523,648	1,285,398
Trade receivables: Gross	523,648	1,285,398
Provision for doubtful debts	(3,245)	(47,592)
Trade receivables: Net of provision for doubtful debts	520,403	1,237,805
Accrued income	567,289	733,907
Sundry receivables	788	788
	1,088,480	1,972,500

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

Note 9 Other current assets

<i>In AUD</i>	2019	2018
Prepayments	83,186	80,510
Rental security deposit	-	170,400
	83,186	250,910

Note 10 Financial assets

<i>In AUD</i>	2019	2018
Shares in controlled entities - at cost (Note 16)	34	34
	34	34

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 11 Property, plant and equipment

<i>In AUD</i>	2019	2018
Building fit out, at cost	176,675	261,654
Accumulated depreciation	(17,252)	(225,808)
	<u>159,423</u>	<u>35,846</u>
Plant and equipment, at cost	607,137	290,494
Accumulated depreciation	(258,892)	(150,053)
	<u>348,245</u>	<u>140,441</u>
Buildings, at cost	7,873,825	7,864,670
Accumulated depreciation	(202,420)	-
	<u>7,671,405</u>	<u>7,864,670</u>
Works of art, at fair value	214,300	214,300
	<u>214,300</u>	<u>214,300</u>
Total property, plant and equipment	<u>8,393,373</u>	<u>8,255,257</u>

Movements in carrying amounts

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

<i>In AUD</i>	Opening Balance	Additions	Revaluations	Depreciation	Disposals	Closing Balance
2019						
Building fit out	35,846	-	-	(35,846)	-	-
Plant and equipment	140,441	327,711	-	(119,907)	-	348,245
Buildings	7,864,670	9,155	-	(202,420)	-	7,671,405
Works of art	214,300	-	-	-	-	214,300
Office fit out	-	176,674	-	(17,251)	-	159,423
Total	<u>8,255,257</u>	<u>513,540</u>	<u>-</u>	<u>(375,424)</u>	<u>-</u>	<u>8,393,373</u>
2018						
Building fit out	206,833	-	-	(164,162)	(6,825)	35,846
Plant and equipment	44,557	172,324	-	(76,440)	-	140,441
Buildings	-	7,864,670	-	-	-	7,864,670
Works of art	81,490	-	132,810	-	-	214,300
Total	<u>332,880</u>	<u>8,036,994</u>	<u>132,810</u>	<u>(240,602)</u>	<u>(6,825)</u>	<u>8,255,257</u>

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

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2019

Note 12 Trade and other payables

<i>In AUD</i>	2019	2018
Trade payables	1,103,442	1,123,403
The Pharmacy Guild of Australia (National Secretariat)	169,219	200,123
Guild Insurance Limited	-	-
Gold Cross Products & Services Pty Limited	716	1,830
GuildLink Pty Limited	-	-
Guild Superannuation Services Pty Limited	2,182	4,444
Guild Group Holdings Limited	-	-
Meridian Lawyers Limited	-	16,161
Pharmacy Guild Sales and Valuations (NSW) Pty Limited	-	-
The Pharmacy Guild of Australia (ACT Branch)	-	-
The Pharmacy Guild of Australia (Northern Territory Branch)	-	-
The Pharmacy Guild of Australia (Queensland Branch)	-	-
The Pharmacy Guild of Australia (South Australia Branch)	-	-
The Pharmacy Guild of Australia (Tasmania Branch)	-	-
The Pharmacy Guild of Australia (Victoria Branch)	-	-
The Pharmacy Guild of Australia (Western Australia Branch)	-	-
Subtotal: Related party payables	<u>172,117</u>	<u>222,558</u>
Accrued expenses	<u>1,088,264</u>	<u>1,070,230</u>
	<u>2,363,823</u>	<u>2,416,191</u>

Note 13 Employee provisions

<i>In AUD</i>	2019	2018
Holders of office:		
Current		
Liability for annual leave	17,501	9,987
Liability for long service leave	-	-
Liability for separation and redundancies	-	-
Other provisions	-	-
Subtotal current employee provisions—holders of office	<u>17,501</u>	<u>9,987</u>
Non-current		
Liability for annual leave	-	-
Liability for long service leave	-	-
Liability for separation and redundancies	-	-
Other provisions	-	-
Subtotal non-current employee provisions—holders of office	<u>-</u>	<u>-</u>
Subtotal employee provisions—holders of office	<u>17,501</u>	<u>9,987</u>
Employees other than office holders:		
Current		
Liability for annual leave	164,737	175,745
Liability for long service leave	-	-
Liability for separation and redundancies	-	-
Other provisions	-	-
Subtotal current employee provisions—employees other than office holders	<u>164,737</u>	<u>175,745</u>

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2019

Note 13 Employee provisions (continued)

<i>In AUD</i>	2019	2018
Non-current		
Liability for annual leave	-	-
Liability for long service leave	128,650	83,849
Liability for separation and redundancies	-	-
Other provisions	-	-
Subtotal non-current employee provisions—employees other than office holders	128,650	83,849
Subtotal employee provisions—employees other than office holders	293,387	259,594
Current employee provisions	182,238	185,732
Non-current employee provisions	128,650	83,849
Total employee provisions	310,888	269,581

Note 14 Deferred income

<i>In AUD</i>	2019	2018
Membership subscriptions in advance	1,501,929	1,464,981
Other deferred income	767,230	280,164
	2,269,159	1,745,145

Note 15 Reserves

<i>In AUD</i>	2019	2018
Asset revaluation reserve	205,558	205,558
Reconciliation of movements in the asset revaluation reserve		
Opening balance	205,558	72,748
Revaluation of works of art	-	132,810
Transfer to retained earnings on sale of land and building	-	-
Closing balance	205,558	205,558
Other specific disclosures - funds		
Compulsory levy	-	-
Other fund(s) required by rules	-	-

Note 16 Controlled entities

Name	% Ownership interest		Investment at cost	
	2019	2018	2019	2018
Pharmacy Guild Services (NSW) Pty Ltd	100	100	22	22
Pharmacy Guild Sales & Valuations (NSW) Pty Ltd	100	100	12	12

Pharmacy Guild Services (NSW) Pty Ltd is the intermediate holding company for Pharmacy Guild Sales & Valuations (NSW) Pty Ltd, the controlled entities are incorporated in Australia. Both controlled entities had a nil contribution towards the surplus for the year (2018: nil).

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 17 Related party transactions

Identity of related parties

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

In AUD

2019 **2018**

Transactions with related parties during the year

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

Sales	1,580,826	1,501,592
Purchases	(1,696,383)	(1,689,982)

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

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

Amounts receivable	-	779,902
Amounts payable	(172,117)	(222,558)

Key management personnel remuneration

Refer to Note 6 for key management personnel remuneration.

Note 18 Information to be provided to Members or Commissioner

Subsection 272 (1)

A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

Subsection 272 (2)

The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the

Subsection 272 (3)

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

19 Cash flow information

(a) Reconciliation of cash

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

In AUD

2019 **2018**

Cash on hand	-	436
Cash at bank	5,321,017	2,857,399
Short term deposits	3,080,667	4,074,712
	<u>8,401,684</u>	<u>6,932,548</u>

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2019

19 Cash flow information (continued)

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

Operating surplus/(deficit)	42,555	(291,693)
Non-cash flows in operating surplus		
- Depreciation and amortization	375,424	240,602
- Net impact on sale of property plant and equipment	-	-
- Net loss on sale of plant and equipment	-	-
<i>Changes in assets and liabilities:</i>		
Decrease in trade and other receivables	884,020	1,142,175
Decrease in other assets	167,724	12,359
Decrease in inventories	-	9,652
(Decrease) in trade and other payables	(52,368)	(386,026)
Increase/(Decrease) in deferred income	524,014	(1,946,929)
Increase/(Decrease) in employee provisions	41,307	(66,966)
Cash flows from/(used in) operations	1,982,676	(1,286,826)

(c) Related party cashflow information

Cash inflows from related parties

The Pharmacy Guild of Australia (National Secretariat)	1,261,595	1,587,566
Guild Insurance Limited	-	84,379
Gold Cross Products & Services Pty Limited	271,925	328,027
GuildLink Pty Limited	-	2,688
Guild Superannuation Services Pty Limited	-	-
Guild Group Holdings Limited	-	-
Meridian Lawyers Limited	442	-
Pharmacy Guild Sales and Valuations (NSW) Pty Limited	20,691	24,720
The Pharmacy Guild of Australia (ACT Branch)	550	-
The Pharmacy Guild of Australia (Northern Territory Branch)	-	-
The Pharmacy Guild of Australia (Queensland Branch)	57,905	18,877
The Pharmacy Guild of Australia (South Australia Branch)	-	-
The Pharmacy Guild of Australia (Tasmania Branch)	-	-
The Pharmacy Guild of Australia (Victoria Branch)	1,342	459
The Pharmacy Guild of Australia (Western Australia Branch)	-	-
Total cash inflows from related parties	1,614,450	2,046,716

Cash outflows to related parties

The Pharmacy Guild of Australia (National Secretariat)	1,581,017	1,826,563
Guild Insurance Limited	4,452	38,025
Gold Cross Products & Services Pty Limited	5,254	2,211
GuildLink Pty Limited	127	-
Guild Superannuation Services Pty Limited	75,419	-
Guild Group Holdings Limited	-	-
Meridian Lawyers Limited	33,962	562,599
Pharmacy Guild Sales and Valuations (NSW) Pty Limited	-	-
The Pharmacy Guild of Australia (ACT Branch)	-	3,053
The Pharmacy Guild of Australia (Northern Territory Branch)	-	-
The Pharmacy Guild of Australia (Queensland Branch)	4,212	5,378
The Pharmacy Guild of Australia (South Australia Branch)	249	3,558
The Pharmacy Guild of Australia (Tasmania Branch)	-	582
The Pharmacy Guild of Australia (Victoria Branch)	4,839	33,871
The Pharmacy Guild of Australia (Western Australia Branch)	221	842
Total cash outflows to related parties	1,709,752	2,476,682

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2019

20 Financial instruments - fair values and risk management

(a) Capital Management

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

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

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

(b) Credit risk

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

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

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

The provision for impairment has been reduced to \$3,245 (2018: \$47,592). A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. Collateral is not held as security, nor is it the Guild's policy to transfer (on-sell) receivables.

The ageing of financial assets is as follows:

<i>In AUD</i>	2019	2018
0-30 days	436,617	1,081,779
31-60 days PDNI*	58,029	13,961
31-60 days CI*	-	-
61-90 days PDNI*	4,333	46,324
61-90 days CI*	-	-
+91 days PDNI*	21,229	95,743
+91 days CI*	3,440	47,592
	523,648	1,285,398

PDNI* Past due not considered impaired

CI* Considered to be impaired

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

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2019

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

(c) Sensitivity Analysis

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

The following table illustrates the sensitivity of the net result for the year and the equity to a reasonably possible change in interest rates of + 1 % and -1 % (2018: + 1 % and -1 %), With the effect from the beginning of the year. These changes are considered to be reasonably possible based on observations of current market conditions.

The calculations are based on the Guild's financial instruments held at each balance date. All other variables are held constant.

<i>In AUD</i>	2019	2019	2018	2018
Net result for the year	76,669	(76,669)	151,322	(151,322)
Equity	76,669	(76,669)	151,322	(151,322)

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

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

<i>In AUD</i>	Note	Weighted average effective interest rate		Floating & fixed interest rate		Non-interest bearing	
		2019	2018	2019	2018	2019	2018
		%	%				
Financial assets							
Cash at bank and on hand	7	2.25	2.25	5,321,017	2,857,835	-	-
Short term bank deposit	7	2.45	2.45	3,080,667	4,074,712	-	-
Trade and other receivables	8	-	-	-	-	1,088,480	1,972,500
Total financial assets				8,401,684	6,932,548	1,088,480	1,972,500
Financial liabilities							
Trade and other payables	12	-	-	-	-	2,363,823	2,416,191
Total financial liabilities				-	-	2,363,823	2,416,191

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2019

21 Subsequent events

There have been no events subsequent to reporting date which would have a material affect on the Guild's financial statements as at 30 June 2019.

22 Contingent liabilities

The Guild's bankers have provided a bank guarantee of \$420,000 (2018: \$420,000) to ensure compliance with performance conditions arising from courses run relating to the learning and development revenue stream.

23 Operating leases

<i>In AUD</i>	2019	2018
Less than one year	17,880	106,062
Later than one year and not later than five years	22,350	40,230
Later than five years	-	-
	<u>40,230</u>	<u>146,292</u>

There are no subleasing arrangements in place at the reporting date. The Guild's significant leasing arrangements relate to printer rental agreements, there are no contingent rent, purchase or escalation clauses and no restrictions concerning dividends, debt or further leasing arrangements under the terms of the Guilds leases. For the year ended 30 June 2019, operating lease expenses of \$120,564 (2018: \$376,916) have been recognised in administration expenses.

24 Remuneration of auditors

<i>In AUD</i>	2019	2018
Audit of financial report	61,800	105,000
<i>Other services</i>		
Preparation of financial statements	9,200	9,000
Other assurance engagements	-	3,000
	<u>71,000</u>	<u>117,000</u>

25 NSW Government funding programs

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

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

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2019

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

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

In AUD

	2019	2018
Expenses incurred in connection with holding meetings of members of the reporting unit and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the reporting unit was wholly or partly responsible.	70,928	94,405

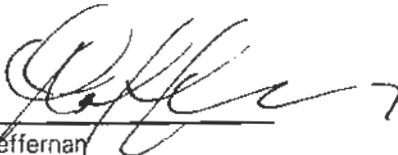
The Pharmacy Guild of Australia (NSW Branch)
Committee of management statement
For the year ended 30 June 2019

On 12 September 2019 the Committee of Management of The Pharmacy Guild of Australia (NSW Branch) ("Guild") passed the following resolution in relation the general purpose financial report ("GPFR") for the year ended 30 June 2019:

The Committee of Management declares that in its opinion:


- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 ("RO Act");
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position, cash flows and changes in equity of the Guild for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Guild will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of organisation including the rules of the branch concerned;
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of organisation including the rules of the branch concerned;
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act;
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting units have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation;
 - (v) where information has been sought in any request by a member of The Pharmacy Guild of Australia (NSW Branch) or Commissioner duly made under Section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under Section 273 of the RO Act, there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

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



David Heffernan
Branch President

Dated at Sydney this 12th day of September 2019



Feras Karem
Vice-President, Finance

Dated at Sydney this 12th day of September 2019



Independent Auditor's Report

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

Report on the audit of the Financial Report

Opinion

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

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the Pharmacy Guild of Australia (NSW Branch) as at 30 June 2019, and of its financial performance and its cash flows for the year then ended, in accordance with:

- Australian Accounting Standards; and
- 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)*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2019
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Committee of Management Statement
- Subsection 255(2A) report.

Basis for opinion

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

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report.

We are independent of the Association in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Restriction on use and distribution

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

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

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

Other Information

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

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

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Committee of Management for the Financial Report

The Committee of Management of the Branch is responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of the *Australian Accounting Standards* and the requirements of the *Fair Work (Registered Organisations) Act 2009*
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error
- assessing the Branch's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Branch or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

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

Report on other legal and regulatory requirements

Opinion

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

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

KPMG

KPMG

Sarah Cain

Partner

Sydney

12 September 2019

Registration number under RO Act: AA2017/200

Registered Company Auditor number: 482839