



25 November 2020

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

Dear Sir,

Re: – Financial reporting – The Pharmacy Guild of Australia, New South Wales Branch – for year ending 30 June 2020 (FR2020/183)

I refer to the financial report of the New South Wales Branch 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 5 November 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

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 2020

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

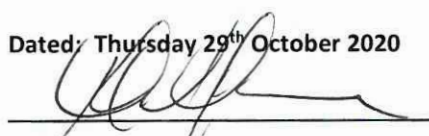
- The Documents lodged herewith are copies of the full report for the Pharmacy Guild Of Australia NSW Branch for the period ended referred to s.268 fair work (Registered Organisations) Act 2009 and
- That the full report was provided to members of the reporting unit on 18th September 2020 and
- That the full report was presented at a general meeting of members of the reporting unit on Thursday 29th October 2020 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: **Thursday 29th October 2020**


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

Suite 201, 10 Norbrik Drive, Bella Vista NSW 2153
Tel +61 2 9467 7100 • Fax +61 2 9467 7101
enquiries@nsw.guild.org.au
www.guild.org.au/nsw
ABN 87 740 877 429



**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 2020

The Pharmacy Guild of Australia (NSW Branch)

CONTENTS	PAGE
Operating report	1
Expenditure report under subsection 255(2A)	2
Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7
Committee of management statement	34
Independent auditor's report	35

The Pharmacy Guild of Australia (NSW Branch)

Operating report

For the year ended 30 June 2020

The committee presents its report on The Pharmacy Guild of Australia (NSW Branch) for the financial year ended 30 June 2020.

(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 2020 the number of members of The Pharmacy Guild of Australia (NSW Branch) was 1,274 (2019: 1,308), including Honorary Life & 50 Year Life Members.

(f) Number of employees:

As at 30 June 2020 the number of employees of The Pharmacy Guild of Australia (NSW Branch) was 37 (2019: 33).

(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 2019 - 30 June 2020

Mario Barone	John Black	Adele Tahan	Gregory Everett
Feras Karem	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 10th day of September 2020

The Pharmacy Guild of Australia (NSW Branch)
Expenditure report under subsection 255(2A)
For the year ended 30 June 2020

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 2020.

<i>In AUD</i>	2020	2019
Remuneration, and other employment-related costs and expenses, in respect of employees:	3,087,588	2,990,038
Advertising expenses	68,985	78,609
Operating costs	469,477	594,618
Donation to political parties	21,773	97,642
Legal costs	24,448	17,900
Other expenses	2,505,717	2,628,089
Total expenses	6,177,988	6,406,896



David Heffernan
Branch President

Dated at Sydney this 10th day of September 2020

The Pharmacy Guild of Australia (NSW Branch)

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

<i>In AUD</i>	Notes	2020	2019
Revenue from contracts with customers			
Membership subscriptions revenue		3,372,358	3,375,191
Government program revenue	4A	251,592	294,240
Learning & development revenue		779,488	602,370
National secretariat funding revenue		1,207,728	1,207,728
Commissions revenue		355,539	322,004
Certification revenue		294,479	362,429
Rental revenue		9,733	10,387
Other revenue		160,348	151,984
Capitation fees and levies revenue		-	-
Total revenue		6,431,265	6,326,333
Expenses			
Depreciation and amortisation	5A	416,027	375,424
Legal fees	5B	24,448	17,900
Employee expenses	5C	3,087,588	2,990,038
Grants or donations	5D	21,773	101,422
Program related costs	5E	5,030	10,935
Audit fees		89,779	84,385
Bank fees and charges		15,177	31,193
Capitation and affiliation fees	5H	1,285,859	1,285,733
Administration expenses	5F	913,940	1,183,982
Other expenses	5G	318,367	325,884
		6,177,988	6,406,896
Interest income		110,912	123,118
Net finance income		110,912	123,118
Surplus for the year		364,189	42,555
Other Comprehensive Income			
<i>Items that will be subsequently reclassified to profit or loss</i>			
Gain on revaluation of artworks	15	-	-
Total other comprehensive income for the year		-	-
Total comprehensive profit for the year		364,189	42,555

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 2020

<i>In AUD</i>	Note	2020	2019
Current assets			
Cash and cash equivalents	7,19(a)	8,373,656	8,401,684
Trade and other receivables	8	823,471	1,088,480
Inventories		-	-
Other current assets	9	68,077	83,186
Total current assets		<u>9,265,204</u>	<u>9,573,350</u>
Non-current assets			
Financial assets	10	1,022,775	34
Property, plant and equipment	11	8,023,462	8,393,373
Total non-current assets		<u>9,046,237</u>	<u>8,393,407</u>
Total assets		<u>18,311,441</u>	<u>17,966,757</u>
Current liabilities			
Trade and other payables	12	1,476,371	2,363,823
Deferred income	14	3,002,914	2,269,159
Employee provisions	13	252,894	182,238
Lease liabilities		17,047	-
Total current liabilities		<u>4,749,226</u>	<u>4,815,220</u>
Non-current liabilities			
Employee provisions	13	167,781	128,650
Lease liabilities		7,358	-
Total non-current liabilities		<u>175,139</u>	<u>128,650</u>
Total liabilities		<u>4,924,365</u>	<u>4,922,589</u>
Net assets		<u>13,387,076</u>	<u>13,022,887</u>
Equity			
Reserves	15	205,558	205,558
Retained earnings		13,181,518	12,817,329
Total equity		<u>13,387,076</u>	<u>13,022,887</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 2020

<i>In AUD</i>	Retained earnings	Asset revaluation reserve	Total equity
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
Balance at 1 July 2019	12,817,329	205,558	13,022,887
Surplus for the year	364,189	-	364,189
<i>Other comprehensive income</i>			
Gain on revaluation of artworks	-	-	-
Total comprehensive income for the year	364,189	-	364,189
Balance at 30 June 2020	13,181,518	205,558	13,387,076

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 2020

In AUD

	Note	2020	2019
Cash flows from operating activities			
Receipts from customers		10,076,449	10,589,434
Payments to suppliers, employees and others		(9,177,054)	(8,634,574)
Receipts from related parties	19(c)	1,648,538	1,614,450
Payments to related parties	19(c)	(1,663,499)	(1,709,752)
Interest received		110,912	123,118
Net cash outflow from operating activities	19(b)	<u>995,346</u>	<u>1,982,676</u>
Cash flows from investing activities			
Proceeds from the disposal of property, plant and equipment		-	-
Payments for acquisition of property, plant and equipment		(5,494)	(513,540)
Acquisition of other investments		(1,000,000)	-
Net cash used in investing activities		<u>(1,005,494)</u>	<u>(513,540)</u>
Cash flows from financing activities			
Payment of lease liabilities		(17,880)	-
Net cash from financing activities		<u>(17,880)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(28,028)	1,469,136
Cash and cash equivalents at beginning of financial year		8,401,684	6,932,548
Cash and cash equivalents at end of financial year	7, 19(a)	<u>8,373,656</u>	<u>8,401,684</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 2020

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 2020 was authorised for issue in accordance with a resolution passed by the Committee of Management on 10 September 2020.

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 15 Revenue from Contracts with Customers*, *AASB 1058 Income of Not-for-Profit Entities*, and *AASB 16 Leases* has been applied. Changes to significant accounting policy are described in Note 3(a).

(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 (continued)

For the year ended 30 June 2020

Note 3 Significant accounting policies

Except for the changes in note 3 (a) below, the Guild has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

(a) Changes to significant accounting policies

The Guild has initially applied AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases*, and any consequential amendments to other standards from 1 July 2019. As a result, the Guild has changed its accounting policies as detailed below.

- (i) *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 Guild. 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;
- not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and
- all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

All of the Guild's contractual arrangements with customers fall within the scope of AASB 15 *Revenue from Contracts with Customers*.

The Guild adopted AASB 15 and AASB 1058 using the retrospective method with the cumulative effect of applying the standard reflected at the start of the earliest comparative period, i.e. 1 July 2018 retained earnings. Comparatives for year ended 30 June 2019 were re-presented in accordance with the retrospective application the AASB 15 and AASB 1058, the impact of this re-presentation is as noted in the following page. There was no impact on 1 July 2018 or 1 July 2019 retained earnings from the application of AASB 15 and AASB 1058. However, there was a material impact on gross revenues and expenses from the adoption of AASB 15 and AASB 1058.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 3 Significant accounting policies (continued)

(a) Changes to significant accounting policies (continued)

- (i) *AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities (continued)*

The adoption of AASB 15 and AASB 1058 had an impact on the Guild's revenue and expense recognition for government programs, as under AASB 15 the Guild acts as an 'agent' with regard to certain performance obligations relating to government programs. Accordingly, the presentation of revenue and expenses relative to government programs has changed as a result of the adoption of AASB 15 as the Guild now recognises revenue for these government programs net of program costs. Other than the above, there were no changes to the Guild's revenue recognition policies from the adoption of AASB 15 and AASB 1058.

The above change did not have on the statement of financial position of the Guild as at 30 June 2020 and 30 June 2019 (including 1 July 2019 retained earnings). The impact on the statement of profit or loss and other comprehensive income was material and is as follows:

Year ended 30 June 2020	Ref	As presented under AASB 15	If presented under AASB 118	Change
Revenue from contracts with customers				
Government program revenue	(a)	251,592	3,607,110	(3,355,518)
Total revenue		6,431,265	9,786,783	(3,355,518)
Expenses				
Program related costs	(a)	(5,030)	(3,360,548)	3,355,518
Total expenses		(6,177,988)	(9,533,506)	3,355,518
Surplus for the year		364,189	364,189	-
Year ended 30 June 2019		As presented under AASB 15	Previously reported under AASB 118	Change
Revenue from contracts with customers				
Government program revenue	(a)	294,240	3,838,866	(3,544,626)
Total revenue		6,326,333	9,870,959	(3,544,626)
Expenses				
Program related costs	(a)	(10,935)	(3,555,561)	3,544,626
Total expenses		(6,406,896)	(9,951,522)	3,544,626
Surplus for the year		42,555	42,555	-

- (a) Change arises due to revenue recognition under AASB 15 for government programs being net of program costs.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 3 Significant accounting policies (continued)

(a) Changes to significant accounting policies (continued)

(ii) AASB 16 Leases

The Guild applied AASB 16 Leases initially from 1 July 2019, using the modified retrospective approach. Accordingly, the comparative information presented for the year ended 30 June 2019 is not restated in respect of AASB 16 Leases, i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information.

The adoption of AASB 16 Leases did not have a material impact on the financial statements of the Guild. The Guild has no lease arrangements as Lessor and has one lease arrangement as a Lessee which was previously classified as an operating lease.

(a) Leases as a lessee

As a lessee, the Guild leases photocopiers which relate to the plant and equipment asset class within property, plant and equipment. The Guild previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Guild. Under AASB 16, the Guild recognises right-of-use assets and lease liabilities for this lease i.e. the lease is on-balance sheet.

(i) Leases classified as operating leases under AASB 117

Previously, the Guild classified equipment leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Guild's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Guild has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

(b) Impact on financial statements

On transition to AASB 16, the Guild recognised a right-of-use asset and lease liability of \$40,622, with no adjustment to the opening retained earnings. Right-of-use assets are recognised within the plant and equipment asset class within property, plant and equipment, being where the underlying assets would be presented if they were owned, refer to note 11.

When measuring lease liabilities, the Guild discounted lease payments using its incremental borrowing rate of 5.38% as at 1 July 2019.

Refer to note 26 for further lease disclosures.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

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

As of 1 July 2019, the Guild has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, the below reflects the Guild's revenue accounting policies under the adopted standards.

(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. Membership subscriptions represent 'stand ready' obligations for the Guild, and accordingly revenue is recognised over the period to which the membership subscription relates.

(ii) Government program revenue

Government program revenue is only recognised when the Guild is able to comply and fulfill the performance obligations attached to the program and receipt of monies is considered probable. The Guild assesses the satisfaction of each of the individual performance obligations under its government programs, including whether the Guild is a 'Principle' or 'Agent' with respect to each performance obligation, to ensure revenue is recognised on a systematic basis in the period in which the Guild fulfills its performance obligations.

(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, as this best reflects the satisfaction of the Guild's performance obligations. Further, revenue is only recognised 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 overtime as the services are performed and performance obligations satisfied when recovery of the consideration is probable and the amount of revenue can be measured reliably. Revenue from services incorporates; National secretariat funding revenue, commissions revenue, rental revenue and certification revenue.

(ii) Other revenue

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

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

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 3 Significant accounting policies (continued)

(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.

(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.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 3 Significant accounting policies (continued)

(f) Property, plant and equipment (continued)

(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.

(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.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 3 Significant accounting policies (continued)

(g) Employee benefits (continued)

(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

The Guild has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4. The details of accounting policies under AASB 117 and AASB Interpretation 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the Guild assesses whether a contract or contains, a Lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Guild uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Guild allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Guild has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

the Guild recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the Site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Guild by the end of the lease term or the cost of the right-of-use asset reflects that the Guild will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Guild's incremental borrowing rate. Generally, the Guild uses its incremental borrowing rate as the discount rate.

The Guild determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 3 Significant accounting policies (continued)

(h) Leases (continued)

Policy applicable from 1 July 2019 (continued)

(i) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Guild's estimate of the amount expected to be payable under a residual value guarantee, if the Guild changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the Guild determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

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 lease term.

(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.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 3 Significant accounting policies (continued)

(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.

(k) Financial instruments

(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.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 3 Significant accounting policies (continued)

(k) Financial instruments (continued)

(iv) Impairment of financial assets

AASB 9's forward-looking impairment model applies to the Guild's assets valued at amortised cost. The application of the 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.

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

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).

(l) 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.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 3 Significant accounting policies (continued)

(m) Fair value measurement

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

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

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

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

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

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

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

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

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

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

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 3 Significant accounting policies (continued)

(n) 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 2020, 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 2020.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 4 Revenue

4A: Government program revenue

<i>In AUD</i>	2020	2019
Methadone incentive scheme funding	125,796	143,597
Needle and syringe exchange funding	125,796	143,597
Quit for new life funding	-	2,309
Other program funding	-	5,137
	<u>251,592</u>	<u>294,640</u>

4B: Revenue from recovery of wages activity

<i>In AUD</i>	2020	2019
Amounts recovered from employers in respect of wages	-	-
Interest received on recovered monies	-	-
	<u>-</u>	<u>-</u>

4C: Disaggregated revenue disclosures

<i>In AUD</i>	2020	2019
Overtime revenue recognised from membership subscriptions	3,372,358	3,375,191
Overtime revenue recognised from all other services and programs	2,888,826	2,788,771
Total revenue from contracts with customers	<u>6,261,184</u>	<u>6,163,962</u>
Rental revenue	9,733	10,387
Other revenue	160,348	151,984
Total revenue	<u>6,431,265</u>	<u>6,326,333</u>

All revenue is geographically generated in Australia.

Note 5 Expenses

5A: Depreciation and amortisation

<i>In AUD</i>	2020	2019
Leasehold improvements	-	-
Building fit out, plant and equipment	164,509	173,004
Land and buildings	251,518	202,420
	<u>416,027</u>	<u>375,424</u>

5B: Legal costs

<i>In AUD</i>	2020	2019
Litigation	-	-
Other legal matters	24,448	17,900
	<u>24,448</u>	<u>17,900</u>

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 5 Expenses (continued)

5C: Employee benefit expenses

<i>In AUD</i>	2020	2019
Holders of office:		
Salaries and wages	145,099	139,747
Superannuation	13,784	13,276
Leave and other entitlements	14,459	7,514
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	173,342	160,537

<i>In AUD</i>	2020	2019
Employees other than office holders:		
Salaries and wages	2,269,245	2,146,167
Superannuation	239,542	228,923
Leave and other entitlements	259,699	279,755
Separation and redundancies	-	-
Other employee expenses	145,760	174,656
Sub total employees expenses other than office holders:	2,914,246	2,829,501
Total employee expenses	3,087,588	2,990,038

5D: Grants or donations

<i>In AUD</i>	2020	2019
Grants that were \$1,000 or less	-	-
Grants that exceeded \$1,000	-	3,780
Donations that were \$1,000 or less	700	9,033
Donations that exceeded \$1,000	21,073	88,609
	21,773	101,422

5E: Program Related Costs

<i>In AUD</i>	2020	2019
Quit for new life / NRT program	3,907	6,018
Other program payments	1,123	4,917
	5,030	10,935

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 5 Expenses (continued)

5F: Administrative expenses

<i>In AUD</i>	2020	2019
Consultancy and contractors fees	80,908	137,050
Property expenses	163,871	281,685
Information communication technology	260,290	268,174
Office expenses	176,156	209,857
Conference and meeting expenses	171,719	177,860
Other administrative expenses	60,996	109,356
Compulsory levies	-	-
Consideration to employers for payroll deductions of membership subscriptions	-	-
	913,940	1,183,982

5G: Other Expenses

<i>In AUD</i>	2020	2019
Travel and accommodation expenses	121,803	140,785
Marketing expenses	68,985	78,609
Recruitment and training costs	32,092	68,269
Insurance	33,487	38,221
Other expenses	38,134	-
Fair value loss on financial assets	23,866	-
	318,367	325,884

5H: Capitation and affiliation fees

<i>In AUD</i>	2020	2019
National Secretariat of the Pharmacy Guild of Australia	1,285,859	1,285,733
	1,285,859	1,285,733

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 2020 (2019: nil).

Note 6 Key management personnel remuneration

<i>In AUD</i>	2020	2019
Short-term employee benefits		
Salaries	945,443	840,452
Non-cash benefits	30,000	16,001
Post-employment benefits		
Superannuation	90,418	75,474
	1,065,861	931,927

The number of people included as key management personnel is 22 (2019:21), consisting of branch committee members and senior management personnel.

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2020

Note 7 Cash and cash equivalents

<i>In AUD</i>	2020	2019
Cash at bank and on hand	5,292,468	4,321,017
Short term deposits	3,081,188	4,080,667
	<u>8,373,656</u>	<u>8,401,684</u>

Note 8 Trade and other receivables

<i>In AUD</i>	2020	2019
Trade receivables	264,012	523,648
The Pharmacy Guild of Australia (National Secretariat)	72	-
Guild Insurance Limited	-	-
Gold Cross Products & Services Pty Limited	-	-
GuildLink Pty Limited	-	-
Guild Superannuation Services Pty Limited	-	-
Guild Group Holdings Limited	-	-
Meridian Lawyers Limited	-	-
Pharmacy Guild Sales and Valuations (NSW) Pty Limited	-	-
The Pharmacy Guild of Australia (ACT Branch)	-	-
The Pharmacy Guild of Australia (Northern Territory Branch)	-	-
The Pharmacy Guild of Australia (Queensland Branch)	-	-
The Pharmacy Guild of Australia (South Australia Branch)	-	-
The Pharmacy Guild of Australia (Tasmania Branch)	-	-
The Pharmacy Guild of Australia (Victoria Branch)	-	-
The Pharmacy Guild of Australia (Western Australia Branch)	-	-
Subtotal: Related party receivables	<u>72</u>	<u>-</u>
Trade receivables: Gross	<u>264,084</u>	<u>523,648</u>
Trade receivables: Gross	264,084	523,648
Provision for expected credit losses	(12,485)	(3,245)
Trade receivables: Net of provision for expected credit losses	<u>251,599</u>	<u>520,403</u>
Accrued income	571,872	567,289
Sundry receivables	-	788
	<u>823,471</u>	<u>1,088,480</u>

Trade receivables are generally on 30 day terms except for branch membership subscriptions which members can elect to pay by instalments in accordance within the Guild's Constitution. A provision for expected credit losses is recognised for aged receivables based on the Guild's debtors historical default rates.

Note 9 Other current assets

<i>In AUD</i>	2020	2019
Prepayments	68,077	83,186
Rental security deposit	-	-
	<u>68,077</u>	<u>83,186</u>

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

For the year ended 30 June 2020

Note 10 Financial assets

In AUD

	2020	2019
Investment in managed equity funds held at fair value through profit or loss	1,022,741	-
Shares in controlled entities - at cost (Note 16)	34	34
	<u>1,022,775</u>	<u>34</u>

Cost of fair value investments in managed equity funds and market risk sensitivity analysis

The cost of the Guild's investment in managed equity funds as at 30 June 2020 was \$1,046,607 (30 June 2019: Nil). A one percent increase or decrease in the unit price of the managed equity funds would have an impact on the profit and loss and equity by an increase or decrease of \$10,227 (30 June 2019: Nil).

Note 11 Property, plant and equipment

In AUD

	2020	2019
Office fit out, at cost	176,675	176,675
Accumulated depreciation	(39,336)	(17,252)
	<u>137,339</u>	<u>159,423</u>
Plant and equipment, at cost	653,254	607,137
Accumulated depreciation	(401,317)	(258,892)
	<u>251,937</u>	<u>348,245</u>
Land and buildings, at cost	7,873,825	7,873,825
Accumulated depreciation	(453,939)	(202,420)
	<u>7,419,886</u>	<u>7,671,405</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>8,023,462</u>	<u>8,393,373</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	Adoption of AASB 16 Leases	Additions	Depreciation	Disposals	Closing Balance
2020						
Building fit out	-	-	-	-	-	-
Plant and equipment	348,245	40,622	5,494	(142,425)	-	251,936
Land and buildings	7,671,405	-	-	(251,518)	-	7,419,887
Works of art	214,300	-	-	-	-	214,300
Office fit out	159,423	-	-	(22,084)	-	137,339
Total	<u>8,393,373</u>	<u>40,622</u>	<u>5,494</u>	<u>(416,027)</u>	<u>-</u>	<u>8,023,462</u>
2019						
Building fit out	35,846	-	-	(35,846)	-	-
Plant and equipment	140,441	-	327,711	(119,907)	-	348,245
Land and 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>-</u>	<u>513,540</u>	<u>(375,424)</u>	<u>-</u>	<u>8,393,373</u>

The most recent valuation of the works of art was performed by an independent valuer on the 31st of December 2017.

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 12 Trade and other payables

<i>In AUD</i>	2020	2019
Trade payables	245,217	1,103,442
The Pharmacy Guild of Australia (National Secretariat)	195,642	169,219
Guild Insurance Limited	4,326	-
Gold Cross Products & Services Pty Limited	2,579	716
GuildLink Pty Limited	-	-
Guild Superannuation Services Pty Limited	987	2,182
Guild Group Holdings Limited	-	-
Meridian Lawyers Limited	289	-
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	203,823	172,117
Accrued expenses	1,027,331	1,088,264
	<u>1,476,371</u>	<u>2,363,823</u>

Note 13 Employee provisions

<i>In AUD</i>	2020	2019
Holders of office:		
Current		
Liability for annual leave	31,960	17,501
Liability for long service leave	-	-
Liability for separation and redundancies	-	-
Other provisions	-	-
Subtotal current employee provisions—holders of office	<u>31,960</u>	<u>17,501</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>31,960</u>	<u>17,501</u>
Employees other than office holders:		
Current		
Liability for annual leave	220,934	164,737
Liability for long service leave	-	-
Liability for separation and redundancies	-	-
Other provisions	-	-
Subtotal current employee provisions—employees other than office holders	<u>220,934</u>	<u>164,737</u>

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 13 Employee provisions (continued)

<i>In AUD</i>	2020	2019
Non-current		
Liability for annual leave	-	-
Liability for long service leave	167,781	128,650
Liability for separation and redundancies	-	-
Other provisions	-	-
Subtotal non-current employee provisions—employees other than office holders	<u>167,781</u>	<u>128,650</u>
Subtotal employee provisions—employees other than office holders	<u>388,715</u>	<u>293,387</u>
Current employee provisions	252,894	182,238
Non-current employee provisions	167,781	128,650
Total employee provisions	<u>420,675</u>	<u>310,888</u>

Note 14 Deferred income

<i>In AUD</i>	2020	2019
Membership subscriptions in advance	1,199,429	1,501,929
Other deferred income	1,803,485	745,949
	<u>3,002,914</u>	<u>2,247,878</u>

Note 15 Reserves

<i>In AUD</i>	2020	2019
Asset revaluation reserve	205,558	205,558
Reconciliation of movements in the asset revaluation reserve		
Opening balance	205,558	205,558
Revaluation of works of art	-	-
Transfer to retained earnings on sale of land and building	-	-
Closing balance	<u>205,558</u>	<u>205,558</u>

Other specific disclosures - funds

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

Note 16 Controlled entities

Name	% Ownership interest		Investment at cost	
	2020	2019	2020	2019
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 (2019: nil).

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2020

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

2020 **2019**

Transactions with related parties during the year

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

Sales	1,590,485	1,580,826
Purchases	(1,686,275)	(1,696,383)

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, the purchase of IT support and other services.

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

Amounts receivable	72	-
Amounts payable	(203,823)	(172,117)

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).

Note 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

2020 **2019**

Cash on hand	-	-
Cash at bank	5,292,468	5,321,017
Short term deposits	3,081,188	3,080,667
	<u>8,373,656</u>	<u>8,401,684</u>

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2020

Note 19 Cash flow information (continued)

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

Surplus for the year	364,189	42,555
Non-cash flows in operating surplus		
- Depreciation and amortization	416,027	375,424
- Net impact on sale of property plant and equipment	-	-
- Net loss on sale of plant and equipment	-	-
- Non cash distributions received from managed equity funds	(46,607)	-
- Fair value loss on financial assets	23,866	-
- Non cash distributions received from managed equity funds	1,663	-
<i>Changes in assets and liabilities:</i>		
Decrease in trade and other receivables	265,009	884,020
Decrease in other assets	15,109	167,724
Decrease in inventories	-	-
(Decrease) in trade and other payables	(887,452)	(52,368)
Increase in deferred income	733,755	524,014
Increase in employee provisions	109,787	41,307
Cash flows from operations	995,346	1,982,676

(c) Related party cashflow information

Cash inflows from related parties

The Pharmacy Guild of Australia (National Secretariat)	1,288,332	1,261,595
Guild Insurance Limited	-	-
Gold Cross Products & Services Pty Limited	306,555	271,925
GuildLink Pty Limited	-	-
Guild Superannuation Services Pty Limited	-	-
Guild Group Holdings Limited	-	-
Meridian Lawyers Limited	-	442
Pharmacy Guild Sales and Valuations (NSW) Pty Limited	27,446	20,691
The Pharmacy Guild of Australia (ACT Branch)	90	550
The Pharmacy Guild of Australia (Northern Territory Branch)	-	-
The Pharmacy Guild of Australia (Queensland Branch)	26,115	57,905
The Pharmacy Guild of Australia (South Australia Branch)	-	-
The Pharmacy Guild of Australia (Tasmania Branch)	-	-
The Pharmacy Guild of Australia (Victoria Branch)	-	1,342
The Pharmacy Guild of Australia (Western Australia Branch)	-	-
Total cash inflows from related parties	1,648,538	1,614,450

Cash outflows to related parties

The Pharmacy Guild of Australia (National Secretariat)	1,515,144	1,581,017
Guild Insurance Limited	31,553	4,452
Gold Cross Products & Services Pty Limited	1,324	5,254
GuildLink Pty Limited	-	127
Guild Superannuation Services Pty Limited	61,029	75,419
Guild Group Holdings Limited	-	-
Meridian Lawyers Limited	27,133	33,962
Pharmacy Guild Sales and Valuations (NSW) Pty Limited	-	-
The Pharmacy Guild of Australia (ACT Branch)	280	-
The Pharmacy Guild of Australia (Northern Territory Branch)	-	-
The Pharmacy Guild of Australia (Queensland Branch)	23,903	4,212
The Pharmacy Guild of Australia (South Australia Branch)	163	249
The Pharmacy Guild of Australia (Tasmania Branch)	-	-
The Pharmacy Guild of Australia (Victoria Branch)	2,537	4,839
The Pharmacy Guild of Australia (Western Australia Branch)	433	221
Total cash outflows to related parties	1,663,499	1,709,752

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2020

Note 20 Financial instruments - fair values and risk management

(a) Capital Management

The Guild's financial instruments consist of cash and cash equivalents, trade receivables, financial assets at fair value and trade payables. Branch funds are invested in accordance with the Guild's Constitution either with reputable banks or in managed equity funds. 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 and financial assets at fair value is considered negligible, since the counterparties are reputable 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 at 30 June 2020 is \$12,011 (2019: \$3,245). A provision for impairment is recognised based on expected credit losses. 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>	2020	2019
0-30 days	238,961	436,617
31-60 days PDNI*	209	58,029
31-60 days CI*	-	-
61-90 days PDNI*	1,180	4,333
61-90 days CI*	-	-
+91 days PDNI*	11,249	21,424
+91 days CI*	12,485	3,245
	<u>264,084</u>	<u>523,648</u>

PDNI* Past due not considered impaired

CI* Considered to be impaired

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

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2020

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

(c) Sensitivity Analysis

The Guild has exposure to market risk and interest rate risk, the Guild does not have any exposure to currency or other financial risks.

Market risk

The Guild has exposure to market risk relating to its financial assets held at fair value through profit or loss, being investments in managed equity funds, at balance date. Refer to note 10 for sensitivity analysis relating to the Guild's exposure to market risk.

Interest rate risk

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 % (2019: + 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 cash and cash equivalents held at each balance date. All other variables are held constant.

<i>In AUD</i>	2020	2020	2019	2019
Net result for the year	83,877	(83,877)	76,669	(76,669)
Equity	83,877	(83,877)	76,669	(76,669)

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	
		2020 %	2019 %	2020	2019	2020	2019
Financial assets							
Cash at bank	6	0.88	1.50	5,292,468	5,321,017	-	-
Short term bank deposit	6	1.67	2.37	3,081,188	3,080,667	-	-
Trade and other receivables	7	-	-	-	-	823,471	1,088,480
Financial assets at fair value through profit or loss	10	-	-	-	-	1,022,741	-
Total financial assets				8,373,656	8,401,684	1,846,212	1,088,480
Financial liabilities							
Trade and other payables	12	-	-	-	-	1,476,371	2,363,823
Total financial liabilities				-	-	1,476,371	2,363,823

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2020

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

(d) Fair value measurement

Management of the Guild have assessed that cash and cash, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of financial assets at fair value through profit or loss is the amount at which the instrument could be exchanged in a current transaction between willing parties. The fair value of financial assets held at fair value through profit or loss is derived from the observable unit price of the managed equity fund at balance date.

The following table contains the carrying amounts and related fair values for the Guild's financial assets and liabilities.

<i>In AUD</i>	Carrying amount		Fair value	
	2020	2019	2020	2019
Financial assets				
Cash and cash equivalents	8,373,656	8,401,684	8,373,656	8,401,684
Trade and other receivables	823,471	1,088,480	823,471	1,088,480
Financial assets at fair value through profit or loss	1,022,741	-	1,022,741	-
Total financial assets	10,219,868	9,490,164	10,219,868	9,490,164
Financial liabilities				
Trade and other payables	1,476,371	2,363,823	1,476,371	2,363,823
Total financial liabilities	1,476,371	2,363,823	1,476,371	2,363,823

Fair value hierarchy

The following table provides an analysis of financial assets that are measured at fair value, by valuation method. The different levels have been identified as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset that are not based on observable market data (unobservable inputs).

<i>In AUD</i>	Level 1	Level 2	Level 3
30 June 2020			
Financial assets at fair value through profit or loss	-	1,022,741	-
	-	1,022,741	-
30 June 2019			
Financial assets at fair value through profit or loss	-	-	-
	-	-	-

There were no transfers between level 1 and level 2 during the year in either direction (2019: No transfers in either direction). There were no transfers between level 2 and level 3 during the year in either direction (2019: No transfers in either direction).

The Pharmacy Guild of Australia (NSW Branch)

Notes to the financial statements (continued)

For the year ended 30 June 2020

Note 21 Subsequent events

There have been no events subsequent to reporting date which would have a material effect on the Guild's financial statements as at 30 June 2020.

Note 22 Contingent liabilities

The Guild's bankers have provided a bank guarantee of \$420,000 (2019: \$420,000) to ensure compliance with performance conditions arising from courses run relating to the learning and development revenue stream.

Note 23 Remuneration of auditors

In AUD

	2020	2019
Audit of financial report	64,300	61,800
<i>Other services</i>		
Preparation of financial statements	9,200	9,200
Other assurance engagements	-	3,000
	73,500	71,000

Note 24 NSW Government funding programs

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

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

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

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

In AUD

	2020	2019
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.	46,087	51,728

The Pharmacy Guild of Australia (NSW Branch)
Notes to the financial statements (continued)
For the year ended 30 June 2020

Note 26 Leases

The Guild leases photocopiers under an operating lease arrangement. This lease was previously classified as operating lease under AASB 117 in the comparative period.

In AUD

2020

(a) Right-of-use assets recognised with property, plant and equipment

Recognition of right-of-use assets upon adoption of AASB 16 on 1 July 2019	40,622
Depreciation expense	(16,809)
Balance at 30 June 2020	<u>23,813</u>

(b) Amounts recognised in profit or loss

Interest expense on lease liabilities	1,663
Depreciation of right of use assets	16,809
	<u>18,472</u>

(c) Amounts recognised in statement of cash flows

Total cash outflow for leases	<u>17,800</u>
-------------------------------	---------------

(d) Lease liabilities

Current lease liabilities	17,047
Non-current lease liabilities	7,358
	<u>24,405</u>

Note 27 COVID - 19

The coronavirus (COVID-19) pandemic has had an impact on the Australian and global economy and has the potential to impact the Guild's operations. To date the Guild has not experienced any significant changes to financial performance or position as a result of the coronavirus. However, as the situation is ongoing and subject to change it is possible that there may be a material impact to the Guild as the effects and consequences are outside the Guild's control and are far reaching globally. Based on current available information, the Committee of Management believe the Guild will remain a going concern.

The Pharmacy Guild of Australia (NSW Branch)
Committee of management statement
For the year ended 30 June 2020

On 10 September 2020 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 2020:

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 10th day of September 2020



Feras Karem
Vice-President, Finance

Dated at Sydney this 10th day of September 2020



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 2020, 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 2020;
- 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; and
- 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 (including Independence Standards)* (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 *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; and
- 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



Cameron Roan

Partner

Sydney

14 September 2020

Registration number under RO Act: AA2020/18
Registered Company Auditor number: 294725