Australian Government
Registered Organisations Commission

4 November 2019

Mr Anthony Tassone
President, Victoria Branch
Pharmacy Guild of Australia
40 Burwood Road
HAWTHORN VIC 3122

By e-mail: Ms Linda Wong
linda.wong@vic.guild.org.au

Cc: Mr Richard Bembridge, Auditor
Richard.Bembridge@au.ey.com

Dear Mr Tassone

Re: – Pharmacy Guild of Australia, Victoria Branch - financial report for year ending 30 June 2019 (FR2019/181)

I refer to the financial report of the Victoria Branch (**the Branch**) of the Pharmacy Guild of Australia. The documents were lodged with the Registered Organisations Commission (**ROC**) on 19 September 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.

Please note that the financial report for the year ending 30 June 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report.

Committee of management statement – s273 orders declaration

Paragraph 26 of the current (5th ed.) reporting guidelines sets out the declarations to be included in the committee of management statement. Please note that the declaration at (e)(vi) – which concerns orders under section 273 - should refer to “Fair Work Commission”.[1]

[1] Orders for inspection of records under s273 are a function that was retained by the FWC tribunal members and not transferred to the ROC in May 2017. The model committee of management statement published on 4 August 2017 contained an incorrect reference to ‘Registered Organisations Commission’ that was corrected in the model committee of management statements published on 19 July 2018 and 28 May 2019.

Committee of management statement – recovery of wage revenue declaration

The nil activity declaration (f) about revenue from recovery of wage activity formerly required to be included in the committee of management statement[2] is now a separate revenue item[3] to be included in the body of the report or an officer's declaration statement.[4] Future committee of management statements should omit the declaration (f).

Notice setting out sections 272(1), (2) & (3)

The references to "General Manager" in the heading and at paragraph 1 of the notice setting out section 272 on page 46 reflected wording from the previous version of the RO Act which was superseded on 1 May 2017.[5] Please see the attached extract from section 272 for the correct wording.

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

Stephen Kellett

Stephen Kellett
Financial Reporting
Registered Organisations Commission

[2] The 4th edition of reporting guidelines was superseded by the current 5th edition on 4 May 2018

[3] See reporting guideline 13(e)

[4] The nil activity disclosure for wage recovery revenue was made appropriately on page 46.

[5] Applications for information under s272 are a function that was removed from the General Manager of the FWC and transferred to the Registered Organisations Commissioner on 1 May 2017.

The Pharmacy Guild of Australia

18 September 2019

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

I, Anthony Tassone, President of the Victorian Branch of the Pharmacy Guild of Australia, certify that:

1. The documents lodged herewith are copies of the auditor's report, the accounts and statements and Operating Report and the Committee of Management Report for the Pharmacy Guild of Australia, Victoria Branch for the financial year ended 30 June 2019 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and

2. The auditor's report, the accounts and statements and the Operating Report and the Committee of Management Report in respect of the financial year ended 30 June 2019 were made available to members free of charge on 26 August 2019; and

3. The full report was presented at the Annual General Meeting of the Pharmacy Guild of Australia, Victoria Branch on 17th September 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

President
The Pharmacy Guild of Australia, Victoria

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PHARMACY GUILD OF AUSTRALIA, VICTORIA

ABN 35 603 508 734

GENERAL PURPOSE FINANCIAL REPORT
For the year ended 30 June 2019

Contents

Statement of comprehensive income

For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
INCOME					
Revenue	5(a)	4,572,304	4,312,142	4,398,714	4,082,380
Share of (Loss)/profit from associate	5(b)	(17,618)	133,909	-	-
(Loss)/Gain on divestment of investment	5(c)	(20,375)	107,509	-	-
Gain on revaluation of investment property	5(d)	194,422	1,992,830	-	-
Unrealised Gain from Financial Assets at fair value through profit or loss	5(e)	222,621	-	-	-
Other Income	5(f)	195,533	199,676	527,549	535,071
		5,146,887	6,746,066	4,926,263	4,617,451
PROJECT PAYMENTS AND OTHER EXPENSES					
Administration		433,092	424,078	675,773	667,458
Management fees		7,800	7,800	-	-
Building outgoings		296,862	281,410	96,366	90,615
Committee fees and allowances	7(b)	9,328	5,590	9,328	5,590
Depreciation		57,417	109,680	57,417	109,680
Employee benefit expenses	7(c)	2,696,934	2,709,257	2,696,934	2,709,257
Legal and professional fees		232,535	356,234	169,427	173,124
Membership contributions to National Council	7(a)	800,674	803,142	800,674	803,142
Expected credit loss		4,000	-	4,000	-
Public relations		383,812	98,635	383,812	98,635
Travelling expenses		108,740	114,695	108,740	114,695
Minimum lease payments - operating lease		11,881	21,389	11,881	21,389
Assets written off		-	2,734	-	2,734
		5,043,075	**4,934,644**	**5,014,352**	**4,796,319**
PROFIT/(LOSS) BEFORE INCOME TAX		**103,812**	**1,811,422**	**(88,089)**	**(178,868)**
Income tax expense	6	-	-	-	-
PROFIT/(LOSS) FOR THE YEAR		**103,812**	**1,811,422**	**(88,089)**	**(178,868)**
OTHER COMPREHENSIVE INCOME					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Net fair value gain of financial assets at fair value through profit or loss		-	35,829	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-	**35,829**	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	**35,829**	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**103,812**	**1,847,251**	**(88,089)**	**(178,868)**

Statement of comprehensive income (continued)

For the year ended 30 June 2019

	Consolidated		Parent	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Profit/(loss) attributable to:				
Members of the parent entity	103,812	1,811,422	(88,089)	(178,868)
	103,812	**1,811,422**	**(88,089)**	**(178,868)**
Other comprehensive income attributable to:				
Members of the parent entity	-	35,829	-	-
	-	**35,829**	**-**	**-**
Total comprehensive income attributable to:				
Members of the parent entity	103,812	1,847,251	(88,089)	(178,868)
	103,812	**1,847,251**	**(88,089)**	**(178,868)**

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

Statement of financial position

As at 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
CURRENT ASSETS					
Cash and cash equivalents	8	1,672,604	1,187,198	861,964	631,169
Trade and other receivables	9	1,333,834	1,430,990	1,296,268	1,412,599
Other assets	10	200,028	233,055	30,558	46,673
		3,206,466	2,851,243	2,188,790	2,090,441
Financial Assets at fair value through profit or loss	11	3,939,693	4,230,777	-	-
TOTAL CURRENT ASSETS		**7,146,159**	**7,082,020**	**2,188,790**	**2,090,441**
NON-CURRENT ASSETS					
Investment in subsidiary		-	-	175,002	175,002
Property, plant and equipment	12	120,254	132,589	120,254	132,589
Investment property	13	14,000,000	13,800,000	-	-
Investment in Associate	14	4,407,697	4,425,315	-	-
Investment in The Guild Properties (Vic) Unit Trust		-	-	8,852,714	8,852,714
Loan to Associate	17	1,000,000	1,000,000	-	-
Present entitlement receivable from					
The Guild (Vic) Computer Unit Trust	19	-	-	4,452,257	4,388,022
The Guild Properties (Vic) Unit Trust	19	-	-	768,281	638,438
TOTAL NON-CURRENT ASSETS		**19,527,951**	**19,357,904**	**14,368,508**	**14,186,765**
TOTAL ASSETS		**26,674,110**	**26,439,924**	**16,557,298**	**16,277,206**
CURRENT LIABILITIES					
Trade and other payables	15	2,898,077	2,748,257	3,428,137	2,660,572
Employee benefit provisions	16	225,435	277,613	225,435	277,613
TOTAL CURRENT LIABILITIES		**3,123,512**	**3,025,870**	**3,653,572**	**2,938,185**
NON-CURRENT LIABILITIES					
Security deposit held in trust	15	49,269	49,269	-	-
Other payables	15	-	-	-	600,000
Employee benefit provisions	16	104,269	67,537	104,269	67,537
TOTAL NON-CURRENT LIABILITIES		**153,538**	**116,806**	**104,269**	**667,537**
TOTAL LIABILITIES		**3,277,050**	**3,142,676**	**3,757,841**	**3,605,722**
NET ASSETS		**23,397,060**	**23,297,248**	**12,799,457**	**12,671,484**
EQUITY					
Accumulated funds		17,503,954	17,184,080	9,015,377	8,887,404
Reserves		5,893,106	6,113,168	3,784,080	3,784,080
TOTAL EQUITY		**23,397,060**	**23,297,248**	**12,799,457**	**12,671,484**

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

Statement of changes in equity

For the year ended 30 June 2019

	Reserves (Notes 22) $	*Accumulated funds* $	*Total* $
CONSOLIDATED			
At 1 July 2017	6,077,339	15,372,658	21,449,997
Profit for the year	-	1,811,422	1,811,422
Other comprehensive income	35,829	-	35,829
At 30 June 2018	6,113,168	17,184,080	23,297,248
As at 1 July 2018 (as reported)	6,113,168	17,184,080	23,297,248
Effect of AASB 9 *Financial Instruments*	(220,062)	216,062	(4,000)
Balance as at 1 July 2018 (restated)	**5,893,106**	**17,400,142**	**23,293,248**
Profit for the year	-	103,812	103,812
Other comprehensive income	-	-	-
At 30 June 2019	**5,893,106**	**17,503,954**	**23,397,060**

PARENT	*Revaluation reserves* $	*Accumulated funds* $	*Total* $
At 1 July 2017	3,784,080	9,066,272	12,850,352
Loss for the year	-	(178,868)	(178,868)
Other comprehensive income	-	-	-
At 30 June 2018	**3,784,080**	**8,887,404**	**12,671,484**
As at 1 July 2018 (as reported)	3,784,080	8,887,404	12,671,484
Effect of AASB 9 *Financial Instruments*	-	216,062	216,062
Balance as at 1 July 2018 (restated)	**3,784,080**	**9,103,466**	**12,887,546**
Loss for the year	-	(88,089)	(88,089)
Other comprehensive income	-	-	-
At 30 June 2019	**3,784,080**	**9,015,377**	**12,799,457**

The Pharmacy Guild of Australia, Victoria does not operate a fund for compulsory levies or voluntary contributions. Consequently, The Pharmacy Guild of Australia, Victoria has not invested any such funds in any years.

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

Statement of cash flows

For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
OPERATING ACTIVITIES					
Receipts in the course of operations:					
- reporting units and/or controlled entity	19(d)(i)	1,421,535	1,168,465	1,474,803	1,535,813
- members and customers		3,670,423	3,445,773	2,971,911	2,602,836
Payments in the course of operations:					
- reporting units and/or controlled entity	19(d)(ii)	(931,106)	(998,766)	(1,279,137)	(1,330,691)
- suppliers		(1,519,309)	(965,938)	(1,056,555)	(768,928)
- employees		(2,659,181)	(2,707,433)	(2,659,181)	(2,707,433)
Interest received		97,540	55,087	6,932	12,770
Fringe Benefit Tax paid		(55,791)	(48,384)	(55,791)	(48,384)
Net GST paid to Australian Taxation Office		(176,908)	(246,258)	(108,882)	(211,099)
Net cash flows (used in) /from operating activities	18	(152,797)	(297,454)	(705,900)	(915,116)
INVESTING ACTIVITIES					
Distribution from related parties		-	-	1,000,000	725,000
Loan to Associate		-	(1,000,000)	-	-
Purchase of plant and equipment		(55,577)	(45,305)	(55,577)	(45,305)
Proceeds on sale of plant and equipment		16,272	5,455	16,272	5,455
Proceeds on sale of financial assets at fair value through profit or loss		1,823,786	1,782,863	-	-
Additions to investment property		(5,578)	(107,170)	-	-
Investment in controlled entity		-	-	-	-
Purchase of financial assets at fair value through profit or loss		(1,330,457)	(2,070,248)	-	-
Dividends received from investment in equities		189,757	196,167	-	-
Net cash flows (used in) /from investing activities		638,203	(1,238,238)	960,695	685,150
FINANCING ACTIVITIES					
Interest paid		-	-	(24,000)	(24,000)
Net cash flows from financing activities		-	-	(24,000)	(24,000)
Net (decrease)/increase in cash and cash equivalents		485,406	(1,535,692)	230,795	(253,966)
Cash and cash equivalents at beginning of the year		1,187,198	2,722,890	631,169	885,135
Cash and cash equivalents at end of the year		1,672,604	1,187,198	861,964	631,169

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

Notes to the financial statements

For the year ended 30 June 2019

1 CORPORATE INFORMATION

These financial statements and notes represent those of The Pharmacy Guild of Australia, Victoria and Controlled Entities (the "consolidated group" or "Group").

The Pharmacy Guild of Australia, Victoria is the Victorian branch of an employers' organization (the 'Branch" or "Organisation") which is registered in Australia under the Fair Work (Registered Organisations) Act 2009.

The registered office and principal place of business of the Branch is 40 Burwood Road, Hawthorn VIC 3122.

The principal activities of the Organisation are to deliver a range of leading professional services which enable members to run a profitable business while servicing the health care needs of their community.

The financial report was authorized for issue on 26 August 2019 by the Branch Executive of the Group.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Board (AASB) that apply for the reporting period, and the Fair Work (Registered Organisations) Act 2009. For the purpose of preparing the general-purpose financial statements, the Branch is a not-for-profit entity.

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost basis, except for certain assets and liabilities measured at fair value as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar ($), except when otherwise indicated.

(b) Changes in accounting policy, disclosure, standards and interpretations

(i) Changes in accounting policies, new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following standard which has been adopted for the first time this financial year:

- AASB 9 Financial Instruments and relevant amending standards, which replaces AASB 139 Financial Instruments: Recognition and Measurement. The impact of applying this standard is discussed further below.

(ii) Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2019 are outlined below. The Group have not early adopted any of these new or amended standards or interpretations as the Group have not yet fully assessed the impact of these new or amended standards or interpretations (to the extent relevant to the organisation).

AASB 15:	Revenue from Contracts with Customers
AASB 1058:	Income of Not-for-Profit Entities
AASB 2014-10:	Amendments to Australian Accounting Standards — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
AASB 16:	Leases

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policy, disclosure, standards and interpretations (continued)

(iii) Adoption of AASB 9 Financial Instruments

(a) Initial application

AASB 9 *Financial Instruments* (**AASB 9**) replaces AASB139 *Financial Instruments: Recognition and Measurement* (**AASB 139**) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Branch has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The Branch has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in opening retained earnings and other components of equity as at 1 July 2018. The nature and effect of the changes as a result of adoption of AASB 9 are as follows:

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

	Ref. Adjustments	1 July 2018
		$
Classification and measurement	(i)	220,062
Impairment	(ii)	(4,000)
		216,062
Assets		
Trade and other receivables	(ii)	(4,000)
Investment in associate	(ii)	-
Financial assets at fair value through profit or loss *(previously classified as Available for Sale investments under AASB 139)*		220,062
Total Assets		216,062
Total adjustments on equity		
Retained earnings	(ii)	(4,000)
Other component of equity	(i)	220,062
		216,062

The nature of these adjustments is described below.

(i) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Branch's business model for managing the assets; and whether the instruments' contractual cash flows represents 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Branch's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policy, disclosure, standards and interpretations (continued)

(iii) Impact on adoption of AASB 9 (continued)

The classification and measurement requirements of AASB 9 did not have a significant impact to the Branch

- Trade receivables and other non-current financial assets (i.e., Loan to a related party) previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

- Listed equity and debt investments previously classified as AFS financial assets are now classified and measured as financial assets at fair value through profit or loss.

As a result of the change in classification of the Branch's listed equity investments, the Available for sale reserve of $220,062 related to those investments that were previously presented under accumulated OCI, was reclassified to retained earnings as at 1 July 2018.

The Branch has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Branch's financial liabilities.

In summary, upon adoption of AASB 9, the Branch applied the following required or elected reclassifications:

		AASB 9 measurement category		
1st July 2018		*Fair value through profit or loss*	*Amortised cost*	*Fair value through OCI*
	$	$	$	$
AASB 139 measurement category				
Loans and receivables				
Loan to Associate	1,000,000	-	1,000,000	-
Trade and other receivable	1,430,990	-	1,430,990	-
	2,430,990	-	2,430,990	-
Available for sale				
Australian listed equities	1,603,803	1,603,803	-	-
Global equities	1,288,128	1,288,128	-	-
Interet bearing securities	1,338,846	1,338,846	-	-
	4,230,777	4,230,777	-	-
	6,661,767	**4,230,777**	**2,430,990**	**-**

The change in carrying amount is a result of additional impairment allowance. See discussion on impairment below.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policy, disclosure, standards and interpretations (continued)

(ii) Impairment loss

The adoption of AASB 9 has fundamentally changed the Branch's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss ('ECL') approach. AASB 9 requires the Branch to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss, i.e. those held at amortised cost and at fair value through other comprehensive income ('FVTOCI.').

Upon adoption of AASB 9, the Branch recognised additional impairment on the trade receivables and loan receivable from related party of $4,000 which resulted in a decrease in retained earnings of the same amount as at 1 July 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined in accordance with AASB 9.

	Allowance for impairment under AASB 139 as at 30 June 2018	Re-measurement	ECL under AASB 9 as at 1 July 2018
	$	$	$
Trade receivables	-	(4,000)	(4,000)
Loan to a related party	-	-	-
	-	(4,000)	(4,000)

(c) Basis of consolidation

The financial statements incorporate the assets, liabilities and results of entities controlled by The Pharmacy Guild of Australia, Victoria at the reporting date. A controlled entity is any entity over which The Pharmacy Guild of Australia, Victoria has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through entities, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

A list of controlled entities is contained in Note 23 to the financial statements.

In preparing the financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. Accounting policies of related entities have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests' interest in the net assets comprises their interests at the date of the original business combination and their share of changes in equity since that date.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

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

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

(e) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements has pricing latitude and is also exposed to credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

(i) Membership income

All membership income is recognised in the appropriate financial year to which the membership relates.

(ii) Student fees and charges

Training income is recognised on nominal hours completed per student.

(iii) Interest income

Interest income is recognised on an accrual basis and is recorded using the actual interest rate.

(iv) Dividend income

Dividend income is recognised when the right to receive a dividend has been established.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue (continued)

(v) Government grants

Government grants are not recognised until there is reasonable assurance that the Branch will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit and loss on a systematic basis over the periods in which the Branch recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary conditions is that the Branch should purchase, construct otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit and loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Branch with no future related costs are recognized in profit or loss in the period in which they become receivable.

(vi) Receivables for goods and services

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

(vii) Rental income

Rental income from leasing of office space is recognised on a straight-line basis over the terms of the relevant leases.

(viii) Gains from sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

(ix) Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

All revenue is stated net of amount of goods and services tax (GST).

(f) Investment in subsidiary

Investments in subsidiaries held by the Branch are accounted for at cost less any impairment charges. Dividends received from subsidiaries are recorded as a component of other income, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

(g) Income tax

The Pharmacy Guild of Australia, Victoria is exempt from income tax under Section 50-15 of the *Income Tax Assessment Act 1936.*

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Goods and services tax (GST)

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

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

- when receivables and payables are stated with the amount of GST included.

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

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

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments with maturities of three months or less that are readily convertible to known amount of cash and subject to insignificant risk of changes in value.

(j) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

(k) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation

The depreciable amount of all plant and equipment (excluding freehold land and building), is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Depreciation is recognised in profit or loss.

The depreciation rates used for each class of depreciable assets are:

Class of plant and equipment	Useful life
Plant and equipment	3 to 15 years
Motor vehicles	3 to 6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.

(l) Investment property

Investment property represents the land and building located at 40 Burwood Road, Hawthorn which is held to generate long term rental yields.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition investment property is stated at fair value, which is based on active market prices as well as an annual valuation by an external independent valuer. The independent valuation is based on a notional net rental on an "in use" basis for this location. Gain or loss arising from a change in the fair value of the investment property is recognised in the profit or loss in the year in which it arises.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(m) Investment in associates

Associate companies are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

Profits and losses resulting from transactions between the Group and the associates are eliminated to the extent they relate to the Group's investment in the associates.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are shown at Note 23.

(n) Impairment of assets

At the end of each reporting period, The Pharmacy Guild of Australia, Victoria assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to dispose and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Leases

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

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

Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(p) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by The Pharmacy Guild of Australia, Victoria during the reporting period which remains unpaid.

The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(q) Unearned and deferred revenue

Deferred revenue relates to revenue invoiced, and received, in advance for membership fees and training revenue which are unearned at year end and are presented as liabilities.

Unearned revenue relates to revenue invoiced in advance, but not received, which are unearned at year end and are presented as liabilities.

(r) Provisions and employee benefit provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits, which are expected to be settled within 12 months of the reporting date, are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to the statement of profit or loss and other comprehensive income immediately.

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

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

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

Classification and subsequent measurement

Financial instruments are subsequently measured and classified in five categories:

(i) financial assets at amortised cost;
(ii) financial assets at fair value through other comprehensive income;
(iii) financial assets at fair value through profit or loss;
(iv) financial assets designated at fair value through profit or loss;
(v) investments in equity instruments designated at fair value through other comprehensive income.

Financial assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Branch's financial assets at amortised cost includes trade receivables and loans to related parties.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

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

Impairment

Trade Receivables

Receivables that do not have a significant financing component, the Branch applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

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

Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Branch recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Branch expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Branch considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Branch may also consider a financial asset to be in default when internal or external information indicates that the Branch is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

(u) Comparative figures

Where required by Australian Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) Fair value measurement

The Group measures non-financial assets, such as investment properties and financial assets such as Australian listed equities, global listed equities and interest-bearing securities, at fair value at each reporting date.

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

- In the principal market for the asset or liability, or

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

The principal or the most advantageous market must be accessible to by the Group.

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 Group 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.

The Group determines the policies and procedures for recurring fair value measurement, such as investment properties and financial assets.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Fair value measurement (continued)

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the Group. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group 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 as explained above.

(w) Going Concern

The Group is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprises cash, financial assets, related party balances, trade and other receivables and trade and other payables.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk.

The Organisation's Vice President Finance is responsible for, among other issues, monitoring and managing financial risk exposures of the Organisation. The Vice President Finance monitors the organisation's transactions and reviews the effectiveness of controls relating to credit risk, financial risk and interest rate risk. The overall risk management strategy seeks to ensure that the organisation meets its financial targets, whilst minimising potential cash flow shortfalls.

The carrying amounts of the Group's financial instruments are reasonable approximations of fair values.

(a) Interest rate risk

The Group's interest rate risk is minimal. Cash and cash equivalents are being held in interest bearing accounts.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Interest rate risk (continued)

At the reporting date, The Group had the following financial assets exposed to Australian variable interest rate risk:

	Consolidated		Parent	
	2019	2018	2019	2018
	$	$	$	$
Cash and cash equivalent	1,672,604	1,187,198	861,964	631,169
	1,672,604	1,187,198	861,964	631,169

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

At the reporting date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:

	Higher/ (Lower) CONSOLIDATED		Higher/ (Lower) PARENT	
	2019	2018	2019	2018
	$	$	$	$
Post tax profit				
+1%	16,726	11,872	8,620	6,312
-1%	(16,726)	(11,872)	(8,620)	(6,312)

The movement in profit is due to higher/lower interest costs from variable rate cash balances.

Significant assumptions used in the interest rate sensitivity analysis include:

- Reasonably possible movements in interest rates were determined based on the Group's relationships with financial institutions and economic forecaster's expectations.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

(b) Foreign currency risk

The Group does not trade in foreign currencies and has no foreign currency risk.

(c) Credit risk

The main source of credit risk to the Group is considered to relate to the class of assets described as subscriptions receivable. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Credit risk is minimal.

Subscriptions receivable amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Group and the member or the counterparty to the transactions. Receivables that are past due are assessed for impairment by ascertaining their willingness to pay and are

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(c) Credit risk (continued)

provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The Group has no significant concentration of credit risk with respect of any single counterparty or group of counterparties.

The Group does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness. Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Committee has otherwise cleared as being financially sound.

(d) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Contractual Maturity analysis of financial liabilities:

The table below reflects expectations of management in respect of the settlement of financial liabilities at balance date.

	On demand	< 1 year	1 - 2 years	2 -5 years	> 5 years	Total
	$	$	$	$	$	$
CONSOLIDATED						
Financial liabilities						
Trade and other payables	481,506	-	-	-	-	481,506
Legal cost payable	19,194	-	-	-	-	19,194
Related party payables	108,788	-	-	-	-	108,788
	609,488	-	-	-	-	609,488
PARENT						
Financial liabilities						
Trade and other payables	427,301	-	-	-	-	427,301
Legal cost payable	19,194	-	-	-	-	19,194
Related party payables	704,001	-	-	-	-	704,001
	1,150,496	-	-	-	-	1,150,496

The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets.

Quantitative disclosures fair value measurement hierarchy for assets as at 30 June 2019:

			Fair value measuring using		
	Date of valuation	*Total* $	*Quoted prices in active markets (Level 1)* $	*Significant observable inputs (Level 2)* $	*Significant unobservable inputs (Level 3)* $
Assets measured at fair value:					
CONSOLIDATED					
Investment properties (Note 13)	30 June 2019	14,000,000	-	14,000,000	-
Financial assets at fair value through profit or loss (Note 11)	30 June 2019	3,939,693	3,939,693	-	-

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

Key assumptions

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss and other comprehensive income. The Branch engaged M3 Property, an independent valuation specialist, to assess fair value as at 30 June 2019 for investment properties. The independent valuation is based on a notional net rental on an "in use" basis for this location. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

Classification as investment property

The land and building located at 40 Burwood Road, Hawthorn has been classified as an investment property on the basis that it is held to generate long term rental yields.

Notes to the financial statements (continued)

For the year ended 30 June 2019

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Key judgements

Impairment

Key judgements are made in respect of the assessment of the recoverability of trade receivables and loan to associates. No impairment loss has been recorded other that the ECL provision (Note 9).

5 REVENUE AND OTHER INCOME

		Consolidated		Parent	
		2019	*2018*	*2019*	*2018*
		$	*$*	*$*	*$*
(a)	**Income**				
	Revenue				
(i)	Membership contribution received by the Branch	2,002,406	2,008,635	2,002,406	2,008,635
	- Capitation fee	-	-	-	-
	- Levies	-	-	-	-
	- Interest	-	-	-	-
	- Rental revenue	-	-	-	-
	- Other revenue	-	-	-	-
		2,002,406	2,008,635	2,002,406	2,008,635
(ii)	**Grants and/or donations**				
	- Grants	-	-	-	-
	- Donations	-	-	-	-
		-	-	-	-
(iii)	**Other Revenue**				
	Commission	5,073	6,068	4,839	5,761
	Interest	88,702	52,977	6,932	12,770
	Sundry Income	410,900	232,783	410,900	232,783
	Rental income Guild Properties	760,982	679,023	39,552	39,552
	Distribution income from:				
	- The Guild Properties (Victoria) Unit Trust	-	-	629,844	450,223
	Training income	548,761	576,946	548,761	576,946
	Pharmacy Business Support Services	755,480	567,268	755,480	567,268
	Customer Experience Index Program	-	188,442	-	188,442
		2,569,898	2,303,507	2,396,308	2,073,745
		4,572,304	**4,312,142**	**4,398,714**	**4,082,380**

Notes to the financial statements (continued)

For the year ended 30 June 2019

5 REVENUE AND OTHER INCOME (continued)

		Consolidated		Parent	
		2019	2018	2019	2018
		$	$	$	$
(b)	Share of (loss)/profit from associate	(17,618)	133,909	-	-
(c)	(Loss)/Gain on divestment of investment	(20,375)	107,509	-	-
(d)	Gain on revaluation of investment property	194,422	1,992,830	-	-
(e)	Unrealised Fair Value Gain on financial assets at fair value through profit or loss	222,621	-	-	-
(f)	**Other Income**				
	Gain from sale of assets	5,776	3,509	5,776	3,509
	Distribution income from The Guild (Victoria) Computer Unit Trust	-	-	344,173	353,962
	Management Fees	-	-	177,600	177,600
	Dividends Income	189,757	196,167	-	-
		195,533	199,676	527,549	535,071
	Total Income	**5,146,887**	**6,746,066**	**4,926,263**	**4,617,451**

The Pharmacy Guild of Australia, Victoria is not in receipt of any other financial support from another reporting unit of the organisation.

6 INCOME TAX

	Consolidated		Parent	
	2019	2018	2019	2018
	$	$	$	$
Income tax expense				
Major components of income tax expense are:				
Statement of profit or loss after comprehensive income				
Current income tax				
Current income tax charge	-	-	-	-
Income tax expense reported in statement of profit or loss after other comprehensive income	-	-	-	-

The Pharmacy Guild of Australia, Victoria is exempt from income tax under Section 50-15 of the Income Tax Assessment Act 1936.

Notes to the financial statements (continued)

For the year ended 30 June 2019

7 PROFIT/(LOSS) FOR THE YEAR

		Consolidated		Parent	
		2019	2018	2019	2018
		$	$	$	$
	Profit /(loss) for the year has been determined				
	Expenses				
(a)	Capitation fee expense - membership contributions to National Council	800,674	803,142	800,674	803,142
(b)	Committee fees and allowances for attendance at meeting and conference	9,328	5,590	9,328	5,590
(c)	**Employee benefit relating to "Holders of Office"**				
	- Wages	152,788	151,291	152,788	151,291
	- Superannuation	14,962	14,963	14,962	14,963
	- Leave and other entitlements	-	-	-	-
	- Separation and redundancies	-	-	-	-
	- Other employee expense	-	-	-	-
		167,750	166,254	167,750	166,254
	Employee benefit relating to "Other than Holders of Office"				
	- Wages	1,879,715	1,874,720	1,879,715	1,874,720
	- Superannuation	259,672	276,651	259,672	276,651
	- Leave and other entitlements	196,985	190,807	196,985	190,807
	- Separation and redundancies	-	10,731	-	10,731
	- Other employee expense	192,812	190,094	192,812	190,094
	Total employee benefits	2,529,184	2,543,003	2,529,184	2,543,003
	Total employee benefit	**2,696,934**	**2,709,257**	**2,696,934**	**2,709,257**

There were no expenses incurred by Pharmacy Guild of Australia, Victoria as consideration for making payroll deductions of membership subscriptions.

		Consolidated		Parent	
		2019	2018	2019	2018
		$	$	$	$
(d)	**Grants and donations**				
	Grants:				
	- Total paid that were $1,000 or less	-	-	-	-
	- Total paid that exceeded $1,000	-	-	-	-
		-	-	-	-
	Donations:				
	- Total paid that were $1,000 or less	5,082	3,490	5,082	3,490
	- Total paid that exceeded $1,000	355,284	77,136	355,284	77,136
		360,366	80,626	360,366	80,626

Purpose of donations/grants greater than $1,000 have been disclosed separately in a statement lodged under Section 237 of the Fair Work (Registered Organisations) Act 2009.

Notes to the financial statements (continued)

For the year ended 30 June 2019

7 PROFIT/(LOSS) FOR THE YEAR (continued)

		Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
(e)	**Levies**				
	Levies imposed	-	-	-	-
(f)	**Members briefing costs**	10,163	16,368	10,163	16,368
(g)	**Legal expense**				
	- litigations	-	-	-	-
	- other legal matters	67,933	203,449	60,142	105,213
		67,933	203,449	60,142	105,213
	Analysis of legal expense:				
	- legal expense paid	48,739	182,798	40,948	84,562
	- legal expense payable	19,194	20,651	19,194	20,651
		67,933	203,449	60,142	105,213
(h)	**Affiliation fees**	-	-	-	-
(i)	**Penalties - Fair Works (Registered Organisations) Act 2009**	-	-	-	-
(j)	**Conference and Meeting Expenses**				
	Conference and training expenses	20,067	20,782	20,067	20,782
	Branch Committee meeting expenses	1,573	2,228	1,573	2,228
		21,640	23,010	21,640	23,010

Consolidated expenses listed in this note relate solely to the Branch and its controlled entities and are disclosed in accordance with Fair Work Australia Reporting Guideline Item 16.

Notes to the financial statements (continued)

For the year ended 30 June 2019

8 CASH AND EQUIVALENTS

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Cash at bank	1,531,021	1,019,137	861,964	631,169
Term deposits	141,583	168,061	-	-
	1,672,604	1,187,198	861,964	631,169

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits mature every 30 days or 180 days and earn interest at the respective short-term deposit rate and cash can be withdrawn with 31 days' notice. The carrying amount of cash and cash equivalents represents fair value.

The Group has access to short-term deposits by giving 31 days' notice to withdraw part or all of the term deposits amount before maturity.

Reconciliation to the statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise of the above.

9 TRADE AND OTHER RECEIVABLES

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Trade receivables	1,259,502	1,341,393	1,221,364	1,315,068
Other receivables	51,387	78,248	42,280	68,743
	1,310,889	1,419,641	1,263,644	1,383,811
Related party receivables	30,945	11,349	40,624	28,788
	1,341,834	**1,430,990**	**1,304,268**	**1,412,599**
Less: Provision for expected credit loss	(8,000)	-	(8,000)	-
Trade and Other Receivables	**1,333,834**	**1,430,990**	**1,296,268**	**1,412,599**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
For terms and conditions relating to related party receivables refer to Note 19(b)(ii).
At 30 June, the analysis of trade and other receivables that were past due but not impaired is as follows:

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Neither past due nor impaired	1,309,016	1,417,254	1,233,684	1,373,127
Past due but not impaired:				
< 30 days	18,202	7,004	27,610	6,963
30 - 60 days	360	3,499	341	3,507
> 60 days	6,256	3,233	34,633	29,002
	24,818	13,736	62,584	39,472
Total trade and other receivables	1,333,834	1,430,990	1,296,268	1,412,599

Notes to the financial statements (continued)

For the year ended 30 June 2019

9 TRADE AND OTHER RECEIVABLES (continued)

(a) Fair value and credit risk

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

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on sell) receivables to special purpose entities.

(b) Related party receivables

For terms and conditions relating to related party receivables refer to note 19.

(c) Credit risk

See Note 3(c) on credit risk of trade receivables. which discusses how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

10 OTHER ASSETS

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	$	$	$
Prepayments	41,201	57,955	29,682	46,673
Accrued income	83,397	73,642	876	-
Deferred Rent Assets	75,430	101,458	-	-
	200,028	233,055	30,558	46,673

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Australia listed equities	1,539,455	1,603,803	-	-
Global equities	1,565,095	1,288,128	-	-
Interest bearing securities	835,143	1,338,846	-	-
	3,939,693	4,230,777	-	-

Each of the above financial assets at fair value through profit or loss is a level 1 financial asset (2018: Level 1)

Notes to the financial statements (continued)

For the year ended 30 June 2019

12 PROPERTY, PLANT AND EQUIPMENT

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Plant and equipment				
At cost	1,079,646	1,071,189	1,079,646	1,071,189
Accumulated depreciation	(1,005,516)	(964,832)	(1,005,516)	(964,832)
Net carrying amount	74,130	106,357	74,130	106,357
Motor vehicles				
At cost	69,005	64,714	69,005	64,714
Accumulated depreciation	(22,881)	(38,482)	(22,881)	(38,482)
Net carrying amount	46,124	26,232	46,124	26,232
Total property, plant and equipment				
At cost	1,148,651	1,135,903	1,148,651	1,135,903
Accumulated depreciation	(1,028,397)	(1,003,314)	(1,028,397)	(1,003,314)
Net carrying amount	**120,254**	**132,589**	**120,254**	**132,589**

Reconciliation of carrying amounts at the beginning and end of the year

Plant and equipment				
Balance at the beginning of the year				
At cost	1,071,189	1,029,084	1,071,189	1,029,084
Accumulated depreciation	(964,832)	(904,058)	(964,832)	(904,058)
Net carrying amount	**106,357**	**125,026**	**106,357**	**125,026**
Additions	14,678	82,594	14,678	82,594
Disposals	(55)	(2,733)	(55)	(2,733)
Depreciation charge for the year	(46,850)	(98,530)	(46,850)	(98,530)
Balance at the end of the year - net carrying amount	**74,130**	**106,357**	**74,130**	**106,357**
Motor vehicles				
Balance at the beginning of the year				
At cost	64,714	74,145	64,714	74,145
Accumulated depreciation	(38,482)	(44,617)	(38,482)	(44,617)
Net carrying amount	**26,232**	**29,528**	**26,232**	**29,528**
Additions	40,900	9,800	40,900	9,800
Disposals	(10,441)	(1,946)	(10,441)	(1,946)
Depreciation charge for the year	(10,567)	(11,150)	(10,567)	(11,150)
Balance at the end of the year - net carrying amount	**46,124**	**26,232**	**46,124**	**26,232**

Notes to the financial statements (continued)

For the year ended 30 June 2019

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated 2019 $	*Consolidated* 2018 $	*Parent* 2019 $	*Parent* 2018 $
Total property, plant and equipment				
Balance at the beginning of the year				
At cost	1,135,903	1,103,229	1,135,903	1,103,229
Accumulated depreciation	(1,003,314)	(948,675)	(1,003,314)	(948,675)
Net carrying amount	**132,589**	**154,554**	**132,589**	**154,554**
Additions	55,578	92,394	55,578	92,394
Disposals	(10,496)	(4,679)	(10,496)	(4,679)
Depreciation charge for the year	(57,417)	(109,680)	(57,417)	(109,680)
Balance at the end of the year - net carrying amount	**120,254**	**132,589**	**120,254**	**132,589**

13 INVESTMENT PROPERTY

	Consolidated 2019 $	*Consolidated* 2018 $	*Parent* 2019 $	*Parent* 2018 $
Opening balance at 1 July	13,800,000	11,700,000	-	-
Additions	5,578	107,170	-	-
Net gain from fair value adjustments	194,422	1,992,830	-	-
Closing balance at 30 June	14,000,000	13,800,000	-	-
Investments in freehold land and buildings	14,000,000	13,800,000	-	-

(a) Description of valuation techniques used and key inputs to valuation on investment property:

	Valuation technique	Significant unobservable Inputs	Range (weighted average) 2019	Range (weighted average) 2018
Investment properties	DCF method	Estimated office area rental per sqm per month	$ 370	$ 370
		Estimated car space rental per car park bay per month	$ 215	$ 213
		Discount rate	7.25%	7.25%

Notes to the financial statements (continued)

For the year ended 30 June 2019

13 INVESTMENT PROPERTY

(b) The land and building were independently valued at $14,000,000 by M3 Property as at 30 June 2019. The independent valuation is based on a notional net rental on an "in use" basis for this location. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a gain on revaluation of investment property of $194,422 being recognised within the profit and loss for the year ended 30 June 2019 (2018: $1,992,830), after taking into account some building upgrades.

Significant increase/decrease in the estimated rental value and discount rates would result in significantly higher/lower fair value of investment property.

The highest and best use of the investment property is not considered different to the current use.

14 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2019	*2018*
	$	*$*
Investment in associate, FRED IT Group Pty Ltd	4,407,697	4,425,315

The equity interest in FRED IT Group Pty Ltd is 35% (2018: 35%) and has been equity accounted.

Movement during the year in equity accounted investment in associate

	2019	2018
Balance at 1 July	4,425,315	4,291,406
Add: share of associate's (loss)/profit after income tax	(17,618)	133,909
Less: dividend revenue from associate	-	-
Balance at 30 June	4,407,697	4,425,315

The investment in FRED IT Group Pty Ltd is higher than the share of the net assets due to premium on acquisition.

The principal activities of FRED IT Group Pty Ltd are the provision of IT hardware, software and services to pharmacies and other retailers.

The associate had no contingent liabilities or capital commitment at 30 June 2019 (2018: $nil).

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD (continued)

The following illustrates summarized financial information relating to the Group's investment in joint venture entity:

Extract from the associate's statement of financial position

	2019	*2018*
	$	*$*
Current assets	9,346,775	10,258,155
Non-current assets	28,475,653	24,463,763
	37,822,428	34,721,918
Current liabilities	17,576,084	17,923,769
Non-current liabilities	8,149,444	4,697,094
	25,725,528	22,620,863
Net assets	12,096,900	12,101,055
Share of associate's net assets 35% (2018:35%)	4,233,915	4,235,369

Extract from the associate's statement of profit or loss and other comprehensive income

	2019	*2018*
	$	*$*
Revenue	49,716,598	42,652,416
Net (loss)/profit after tax	(4,157)	618,447
Net (loss)/profit attributable to majority interest	(50,337)	591,102
Share of associates net (loss)/profits after tax 35% (2018:35%)	(17,618)	133,909

Notes to the financial statements (continued)

For the year ended 30 June 2019

15 TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2019	2018	2019	2018
	$	$	$	$
Current				
Trade payables and accruals	481,506	466,119	427,301	368,136
Legal cost payable	19,194	25,162	19,194	22,716
Unearned revenue	1,100,363	1,177,140	1,089,415	1,175,031
Deferred revenue	1,188,226	1,033,408	1,188,226	1,033,408
Payable to employers for making payroll deductions of membership subscriptions	-	-	-	-
Security deposit held in trust	-	-	-	-
	2,789,289	2,701,829	2,724,136	2,599,291
Related party payables	108,788	46,428	704,001	61,281
	2,898,077	2,748,257	3,428,137	2,660,572
Non-current				
Security deposit held in trust	49,269	49,269	-	-
Related party payables	-	-	-	600,000
	49,269	49,269	-	600,000

Trade payables are classified as financial liabilities at amortised cost.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.

For terms and conditions relating to related party payables refer to Note 19(b)(i).
For terms and conditions relating to unearned revenue and deferred revenue refer to Note 2(q).
For explanations on the Group's liquidity risk management processes, refer to Note 3(d).

16 EMPLOYEE BENEFIT PROVISIONS

	Consolidated		Parent	
	2019	2018	2019	2018
	$	$	$	$
Current				
Annual leave	156,663	151,399	156,663	151,399
Long service leave	68,772	126,214	68,772	126,214
	225,435	277,613	225,435	277,613
Non-Current				
Long service leave	104,269	67,537	104,269	67,537
	104,269	67,537	104,269	67,537
Total Employee benefit provisions	**329,704**	**345,150**	**329,704**	**345,150**

Refer to Note 2(r) for the relevant accounting policy and a discussion of the significant estimation and assumptions applied in the measurement of employee benefit provisions.

Notes to the financial statements (continued)

For the year ended 30 June 2019

16 EMPLOYEE BENEFIT PROVISIONS (continued)

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Employee benefit provisions are analysed as follows:				
(i) **Relating to "Holders of Offices"**				
- Annual leave	-	-	-	-
- Long service leave	-	-	-	-
- Separation and redundancies	-	-	-	-
- Other employee provisions	-	-	-	-
(ii) **Relating to employees ("other than Holders of Offices")**				
- Annual leave	156,663	151,399	156,663	151,399
- Long service leave	173,041	193,751	173,041	193,751
- Separation and redundancies	-	-	-	-
- Other employee provisions	-	-	-	-
Total employee benefit provisions	329,704	345,150	329,704	345,150

No provisions were made for employee benefits relating to Branch Committee (2018: Nil).
No provisions were made for separation and redundancies or other employee provisions (2018: Nil).

Provision for employee benefits
Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Branch does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Branch does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefit liabilities have been discussed in Note 2(r).

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave and long service leave. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

Notes to the financial statements (continued)

For the year ended 30 June 2019

16 EMPLOYEE BENEFIT PROVISIONS (continued)

Amounts not expected to be settled within the next 12 months

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Current leave obligations expected to be settled after 12 months	53,371	110,159	53,371	110,159

No provisions were made for:

(i) separation and redundancies or other employee provisions (2018: Nil)

(ii) payables to employers as consideration for the employers making payroll deductions of member subscriptions (2018: Nil)

(iii) employee related payables in respect of legal costs and expenses related to:

- (a) litigation; and
- (b) other legal matters.

17 LOAN TO ASSOCIATE

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Loan to associate	1,000,000	1,000,000	-	-

The loan to associate is unsecured and bears an interest at the Bank Bill Swap Rate plus 4% margin. The loan repayment date is 14 December 2020. No expected credit losses have been raised in relation to any outstanding balances, and no expense has been recognised in respect of expected credit losses due from loan to associate.

Notes to the financial statements (continued)

For the year ended 30 June 2019

18 STATEMENT OF CASH FLOW RECONCILIATION

	Consolidated		Parent	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Reconciliation of net profit for the year to net cash used in operations				
Profit/(loss) for the year	103,812	1,811,422	(88,089)	(178,868)
Adjustment for:				
Depreciation	57,417	109,680	57,417	109,680
Gain on revaluation of investment property	(194,422)	(1,992,830)	-	-
Gain on sale of fixed assets	(5,776)	(3,509)	(5,776)	(3,509)
Assets written off	-	2,734	-	2,734
Distribution income from The Guild (Victoria) Computer Unit Trust	-	-	(344,173)	(703,962)
Distribution income from The Guild Properties (Victoria) Unit Trust	-	-	(629,844)	(100,223)
Interest paid classified as financing cash flow	-	-	24,000	24,000
Dividend income classified as investing cash flow	(189,757)	(196,167)	-	-
(Gain)/loss on divestment of other investments	20,375	(107,509)	-	-
Unrealised fair value gain from financial assets at fair value through profit or loss	(222,621)	-	-	-
Expected credit loss from trade receivables	(4,000)	-	(4,000)	-
Share of (profit)/loss from joint venture entity	17,618	(133,909)	-	-
Changes in assets and liabilities				
Decrease/(increase) in trade and other receivables	97,156	(58,576)	116,331	(40,716)
Decrease/(increase) in other assets	33,027	344,355	16,115	84,313
(Decrease)/Increase in trade and other payables	149,820	(17,907)	767,565	(53,327)
(Decrease)/increase in employee benefit liabilities	(15,446)	(55,238)	(615,446)	(55,238)
Net cash flows (used in)/from operating activities	(152,797)	(297,454)	(705,900)	(915,116)

	2019	*2018*
	$	*$*
Cash flow information related to controlled entities		
Cash inflows		
The Guild (Victoria) Computer Unit Trust	585,800	460,800
The Guild Properties (Victoria) Unit Trust	610,302	318,875
Cash Outflows		
The Guild (Victoria) Computer Unit Trust	(24,000)	(24,000)
The Guild Properties (Victoria) Unit Trust	(324,031)	(307,925)

Notes to the financial statements (continued)

For the year ended 30 June 2019

19 RELATED PARTIES DISCLOSURE

(a) Director and executive disclosures

The following persons held positions on the Branch Committee or were Directors during the reporting period:

The Pharmacy Guild of Australia, Victoria

Mr. A Tassone	Branch president
Mr. K. Chong	Vice President – Finance
Ms. G. Chong	Vice President
Mr. G. Tambassis	National President
Mr. B. Robertson	Branch Committee
Mr. A. Pricolo	Branch Committee
Mr. V. Kapadia	Branch Committee
Mr. P. Krassaris	Branch Committee
Ms. C. Streeter	Branch Committee
Ms. M. Tsitonakis	Branch Committee
Mr. G. Brooks	Branch Committee
Mr. S. Wilkes	Branch Committee (Appointed on 05 March 2019)
Mr. N. Mitri	Branch Committee (Ceased on 11 December 2018)

FRED IT Group Pty Ltd

Mr. P. Krassaris	Director FRED IT Group Pty Ltd
Mr. A. Pricolo	Director FRED IT Group Pty Ltd *(Appointed on 10 October 2018)*
Mr. W. J. Scott	Director FRED IT Group Pty Ltd *(Ceased on 10 October 2018)*

All related party transactions are at arm's length.

Notes to the financial statements (continued)

For the year ended 30 June 2019

19 RELATED PARTIES DISCLOSURE (continued)

	Consolidated 2019 $	*Consolidated* 2018 $	*Parent* 2019 $	*Parent* 2018 $
(b) Balances with related parties				
(i) Amount payable to related parties:				
Amount included in trade and other payable - Note 15				
Current				
The Pharmacy Guild of Australia (National Secretariat)	(64,225)	(46,428)	(64,225)	(46,428)
Guild Group Holding Ltd	(44,563)		(31,261)	-
The Guild Properties (Victoria) Unit Trust	-	-	(8,514)	(14,853)
Pharmacy Computers Australia Pty Ltd	-	-	(600,000)	-
	(108,788)	(46,428)	(704,000)	(61,281)
Non-Current				
Pharmacy Computers Australia Pty Ltd	-	-	-	(600,000)
	(108,788)	(46,428)	(704,000)	(661,281)

The loan provided by Pharmacy Computers Australia Pty Ltd to Pharmacy Guild of Australia, Victoria bears interest rate at 4.0% and is due for repayment in January 2020.

	Consolidated 2019 $	*Consolidated* 2018 $	*Parent* 2019 $	*Parent* 2018 $
(ii) Amount receivable from related parties:				
The Pharmacy Guild of Australia (National Secretariat)	17,334	3,155	9,557	2,347
The Pharmacy Guild of Australia (QLD)	-	747	-	747
Care Energy Australia Pty Ltd	-	-	31,067	25,694
FRED IT Group Pty Ltd	13,611	7,447	-	-
	30,945	11,349	40,624	28,788
Present Entitlement receivable from -				
The Guild (Vic) Computer Unit Trust	-	-	4,452,257	4,343,490
The Guild Properties (Victoria) Unit Trust	-	-	768,281	638,438
	-	-	5,220,538	4,981,928

Related parties outstanding balances at year end are unsecured, interest free and settlement occurs in cash. No expected credit losses have been raised in relation to any outstanding balances, and no expense has been recognised in respect of expected credit losses due from related parties.

Notes to the financial statements (continued)

For the year ended 30 June 2019

19 RELATED PARTIES DISCLOSURE (continued)

(c) Transactions with related parties

The following transactions took place with related parties during the reporting period:

		Consolidated		Parent	
		2019	2018	2019	2018
		$	$	$	$
The Pharmacy Guild of Australia National Secretariat					
(i)	Funding for Business Support Services	755,480	755,710	755,480	755,480
(ii)	Rental received by Victoria Branch	107,952	57,396	39,552	39,552
(iii)	Funding for Legal Advice	25,000	-	25,000	-
(iv)	Balancing payment	69,000	69,000	69,000	69,000
(v)	Funding for MyHealth Record	10,000	-	10,000	-
(vi)	Funding for Federal campaign & political related functions	253,364	-	253,364	-
(vii)	Sponsorship for Australian Patient Association Award Night	5,000	-	5,000	-
(viii)	Committee Attendance Fee	-	1,200	-	1,200
(ix)	Other reimbursable expenses	23,191	70,930	11,175	31,608
		1,248,987	954,236	1,168,571	896,840
(x)	Membership contributions paid by Victorian Branch *Terms: 40% (2018 :40%) of gross membership fees received.*	(800,674)	(803,142)	(800,674)	(803,142)
(xi)	Development of Community Pharmacy qualifications	-	(17,440)	-	(17,440)
(xii)	Support fees for maintenance of national membership database	(24,579)	(24,911)	(24,579)	(24,911)
(xiii)	Share of annual e-Learning licence fees	(4,333)	(10,530)	(4,333)	(10,530)
(xiv)	Immunization & Vaccination Module Development Fee	(3,370)	(3,370)	(3,370)	(3,370)
(xv)	Immunization & Vaccination Module Delivery fees	(4,688)	(3,198)	(4,688)	(3,198)
(xvi)	Other reimbursable expenses	(2,847)	(1,908)	(2,847)	(1,908)
		(840,491)	(864,499)	(840,491)	(864,499)
The Pharmacy Guild of Australia (NSW)					
(i)	Commission Income received by Victoria Branch	4,839	5,761	4,839	5,761
The Pharmacy Guild of Australia (WA)					
(i)	Share of development costs for Members Mobile Application	1,001	4,535	1,001	4,535

Notes to the financial statements (continued)

For the year ended 30 June 2019

19 RELATED PARTIES DISCLOSURE (continued)

(c) Transactions with related parties (continued)

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
The Pharmacy Guild of Australia (QLD)				
(i) Fees for conducting Interns workshop	3,593	3,593	3,593	3,593
(ii) Reimbursable expenses for PATY Workshop	1,795	1,992	1,795	1,992
(iii) Guild News advertising fees	1,000	1,500	1,000	1,500
(iv) Other reimbursable expenses	1,205	679	1,205	679
	7,593	7,764	7,593	7,764
The Pharmacy Guild of Australia (TAS)				
(i) Reimbursement of Governance training expenses	-	2,660	-	2,660
	-	2,660	-	2,660
Other related parties				
Pharmacy Computers Australia Pty Ltd				
(i) Management Fee paid to Victorian Branch	-	-	85,800	85,800
(ii) Distribution of income to Victorian Branch	-	-	500,000	375,000
(iii) Loan to associate	-	1,000,000	-	-
(iv) Loan interest paid by Victorian Branch	-	-	(24,000)	(24,000)
(v) Loan interest income from Associate	59,204	7,754	-	-
	59,204	1,007,754	561,800	436,800

The loan provided by Pharmacy Computers Australia Pty Ltd to FRED IT Group Pty Ltd bears interest rate at bank bill swap rate plus 4.0% margin and is due for repayment on 14 December 2020. (Note 17)

Notes to the financial statements (continued)

For the year ended 30 June 2019

19 RELATED PARTIES DISCLOSURE (continued)

(c) Transactions with related parties (continued)

Associates of Pharmacy Computers Australia Pty Ltd

		Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
	FRED IT Group Pty Ltd				
(i)	Loan interest from $1.0 million loan released to assist in progression of projects	59,204	7,754	-	-
(ii)	Sponsorship for Victoria Branch's charity dinner	-	5,000	-	5,000
(iii)	Sponsorship for FRED IT Group Pty Ltd's 25th year anniversary	(2,500)	(2,500)	(2,500)	(2,500)
(iv)	Office 365 Suport Fee paid to FRED IT Group Pty Ltd	(37)	-	(37)	-
		56,667	10,254	(2,537)	2,500
	Guild Properties (Victoria) Unit Trust				
(i)	Management Fees paid to Victorian Branch	-	-	99,600	99,600
(ii)	Office rental paid by Victorian Branch	-	-	(221,336)	(221,336)
(iii)	Building outgoings costs & maintenance paid by Victoria Branch *	-	-	(69,439)	(66,717)
		-	-	(191,175)	(188,453)
(iv)	Distribution of income to Victorian Branch	-	-	500,000	350,000
		-	-	308,825	161,547
*	*Normal commercial term*				
	Subsidiaries of the Pharmacy Guild of Australia:				
	Guild Insurance Ltd				
(i)	Sponsorship for charity dinner	-	1,591	-	1,591
(iii)	Reimbursable expense for members briefing	-	150	-	150
(iv)	Vehicle insurance premium for Victoria Branch	(14,316)	(12,869)	(14,316)	(12,869)
		(14,316)	(11,128)	(14,316)	(11,128)
	Guild Group Holding Ltd				
(i)	Group insurance premium for Victoria Branch	(35,874)	(27,990)	(35,874)	(27,990)
	Guild Link Pty Ltd				
(i)	Guild News Advertising	-	3,620	-	3,620
	Subsidiaries of Gold Cross Products and Services Pty Ltd				
	Domain fees received from:				
	Phramadotcom Pty Ltd	10,400	10,400	10,400	10,400

Notes to the financial statements (continued)

For the year ended 30 June 2019

19 RELATED PARTIES DISCLOSURE (continued)

		Consolidated		Parent	
		2019	*2018*	*2019*	*2018*
		$	*$*	*$*	*$*
	Cash flow movements with related parties				
(i)	*Receipts from related parties*				
	The Pharmacy Guild of Australia (National Secretariat)	1,331,868	1,047,824	1,250,912	985,497
	The Pharmacy Guild of Australia (NSW)	5,323	13,273	5,323	13,273
	The Pharmacy Guild of Australia (NT)	277	-	277	-
	The Pharmacy Guild of Australia (QLD)	9,748	7,788	9,748	7,788
	The Pharmacy Guild of Australia (TAS)	-	2,926	-	2,926
	The Pharmacy Guild of Australia (WA)	1,001	4,535	1,001	4,535
	Gold Cross Products and Services Pty Ltd	-	30,831	-	30,831
	Guild Insurance & Financial Services Ltd	-	40,366	-	40,366
	Pharmacy Computers Australia Pty Ltd	-	-	85,800	110,800
	The Guild Properties (Victoria) Unit Trust	-	-	110,302	318,875
	Pharmadotcom Pty Ltd	11,440	11,440	11,440	11,440
	Guild Link Pty Ltd	-	3,982	-	3,982
	FRED IT Group Pty Ltd	61,878	5,500	-	5,500
		1,421,535	1,168,465	1,474,803	1,535,813
(ii)	*Payments to related parties*				
	The Pharmacy Guild of Australia (National Secretariat)	905,796	943,367	905,796	943,367
	The Pharmacy Guild of Australia (WA)	362	-	362	-
	Guild Insurance Ltd	14,267	15,446	14,267	15,446
	Guild Group Holding Ltd	7,890	37,203	7,890	37,203
	Pharmacy Computers Australia Pty Ltd	-	-	24,000	24,000
	The Guild Properties (Victoria) Unit Trust	-	-	324,031	307,925
	FRED IT Group Pty Ltd	2,791	2,750	2,791	2,750
		931,106	998,766	1,279,137	1,330,691

20 KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of that Group is considered key management personnel.

Notes to the financial statements (continued)

For the year ended 30 June 2019

20 KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

The remuneration paid to key management personnel of the Branch during the year are as follows:

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Wages and salaries	425,610	415,819	425,610	415,819
Superannuation	41,915	41,916	41,915	41,916
Leave & other entitlements	5,801	26,682	5,801	26,682
Separation & redundancies	-	-	-	-
Branch Committee allowances	3,000	3,000	3,000	3,000
	476,326	487,417	476,326	487,417

There were no loans to/from key management personnel.

21 EVENTS AFTER THE REPORTING PERIOD

There were no events that occurred after 30 June 2019 and prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the group.

22 RESERVES

	Consolidated		
	Income reserve - capital gain	Available for sale reserve	Total
	$	*$*	*$*
At 1 July 2017	5,893,106	184,233	6,077,339
Net fair value gain in assets available for sale	-	35,829	35,829
At 30 June 2018	5,893,106	220,062	6,113,168
As at 1 July 2018 (as reported)	5,893,106	220,062	6,113,168
Effect of AASB 9 *Financial Instruments*	-	(220,062)	(220,062)
At 30 June 2019	5,893,106	-	5,893,106

Income reserve - capital gain

The income reserve records the capital gain from the sale of part of the Group's investment in FRED IT Pty Limited's shares.

Available for sale reserve

The available for sale reserve is used to record increments and decrements in available-for-sale investments. The reserve can only be used to pay dividends in limited circumstances. The available for sale reserve is no longer used as the Group's financial assets are classified as fair value through profit or loss.

Notes to the financial statements (continued)

For the year ended 30 June 2019

23 CONTROLLED ENTITIES CONSOLIDATED

Subsidiaries or associated entities of The Pharmacy Guild of Australia, Victoria	Country of incorporation	Percentage Owned (%) 2019	2018
Pharmacy Computers Australia Pty Ltd	Australia	100	100
The Guild (Victoria) Computer Unit Trust	Australia	100	100
Care Energy Australia Pty Ltd	Australia	100	100
The Guild Properties (Victoria) Unit Trust	Australia	100	100

Associates of The Pharmacy Guild of Australia, Victoria	Country of incorporation	Percentage Owned (%) 2019	2018
FRED IT Group Pty Ltd	Australia	35	35

The Branch has 100% ownership of Pharmacy Computers Australia Pty Ltd as trustee for The Guild (Victoria) Computer Unit Trust. Investment in FRED IT Group Pty Ltd is directly held by Pharmacy Computers Australia Pty Ltd.

24 CAPITAL AND LEASING COMMITMENTS

(a) Operating leases commitments – as lessee

The Group has entered into operating lease on certain motor vehicles with lease terms of three years. The Branch has the option to lease the assets for additional terms of three years for certain leased motor vehicles.

Commitments for minimum operating lease payment in relation to operating leases are payable as follows:

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Within one year	19,233	50,926	19,233	50,926
After one year but not more than five years	16,032	27,502	16,032	27,502
Total minimum lease payments	35,265	78,428	35,265	78,428

(b) Operating lease commitments -as lessor

The Group has entered into operating leases on its investment property. These leases have terms between 3 to 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis ranging from Consumer Price Index adjustment to fixed increase rate of 3% to 3.5%.

Commitments for minimum operating lease income in relation to operating leases are as follows:

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Within one year	573,624	460,705	-	-
After one year but not more than five years	542,479	629,248	-	-
Total minimum lease income	1,116,103	1,089,953	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2019

24 CAPITAL AND LEASING COMMITMENTS (continued)

(c) Capital commitments

There were no capital commitments as at 30 June 2019 (30 June 2018: Nil).

25 AUDITOR'S REMUNERATIONS

The auditor of the Pharmacy Guild of Australia, Victoria is Ernst & Young (Australia).

	2019 *$*	*2018* *$*
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit of the financial report of the entity and any other entity in the consolidated group	55,610	46,500

26 OTHER INFORMATION REQUIRED FOR PURPOSES OF SECTION 253 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

(a) General Requirements for Presentation and Disclosure

(i) Financial support

The Branch's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit(s).

The Branch has not agreed to provide financial support to ensure another reporting unit(s) has the ability to continue as a going concern.

(ii) Assets and liabilities acquired

The Branch has not acquired an asset or a liability during the financial year as a result of:

a) a restructure of the branches of the organisation; or

b) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or

c) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).

The Branch has not acquired an asset or a liability during the financial year as part of a business combination.

(b) Statement of changes in equity

There were no other funds or accounts operated by the Branch other than the general fund of the Branch during the financial year (2018: Nil).

Notes to the financial statements (continued)

For the year ended 30 June 2019

26 OTHER INFORMATION REQUIRED FOR PURPOSES OF SECTION 253 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009 (continued)

(c) Recovery of wages activity

The Pharmacy Guild of Australia, Victoria has not undertaken any recovery of wages activity during the financial year ended 30 June 2019.

(d) Other Expenses

No expenses are incurred as:

(i) consideration for employers making payroll deductions of membership subscriptions;

(ii) affiliation fees to any political party, any federation, congress, council or group of organsiations or any international body having an interest in industrial matters;

(iii) compulsory levies imposed on the Branch.

27 INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub sections (1), (2) & (3) of Section 272, which reads as follows:

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

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

3 A reporting unit must comply with an application made under subsection (1).

Report required 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) for the year ended 30 June 2019.

	Consolidated		*Parent*	
	2019	*2018*	*2019*	*2018*
	$	*$*	*$*	*$*
Category of Expenses				
Remuneration and other employment-related costs and expenses - employees	2,696,934	2,709,257	2,696,934	2,709,257
Advertising	-	71	-	71
Operating costs	1,142,792	1,229,134	1,090,069	1,066,809
Donations to political parties	341,258	80,626	341,258	80,626
Legal costs	67,932	203,449	60,142	105,213
	4,248,916	4,222,537	4,188,403	3,961,976

ANTHONY TASSONE
Branch President

NGAI KIN CHONG
Vice President - Finance

26 August 2019

Operating report

For the year ended 30 June 2019

We, being the designated officers responsible for preparing this report for the financial year ended 30 June 2019 of The Pharmacy Guild of Australia, Victoria, report as follows:

(a) Review of principal activities

(i) The Pharmacy Guild of Australia, Victoria 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, Victoria has continued to assist the National Council and the National Executive of The Pharmacy Guild of Australia ("the Guild") 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, Victoria Branch President, 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 in the financial affairs of the Pharmacy Guild of Australia, Victoria during the year.

(c) Members advice

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

(ii) The register of members of the organisation was maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and

(iii) Section 272 of the Fair Work (Registered Organisations) Act 2009 outlines members and the Commissioner of the Registered Organisations Commission's rights to certain prescribed information. This information is detailed in Note 7 of the financial statements.

(d) Officers & employees who are superannuation fund trustee(s) or director of a company that is superannuation fund trustee

During the reporting period, none of the member of the Branch Committee was a Director of Guild Trustee Services Pty Limited, the Trustee of the Guild Retirement Fund, which includes Guild Super and Guild Pension.

(e) Number of members

As at 30 June 2019 the number of members of The Pharmacy Guild of Australia, Victoria was 885 including Honorary Life & 50 Year Life Members.

(f) Number of employees

As at 30 June 2019 the number of equivalent full-time employees of The Pharmacy Guild of Australia, Victoria was 25.

(g) Names of Committee of Management members and period positions held during the financial year

During the reporting period, the following persons were members of the Branch Committee for the whole year unless otherwise stated:

Operating report (continued)

For the year ended 30 June 2019

(g) Names of Committee of Management members and period positions held during the financial year (continued)

Mr. A Tassone	Branch president
Mr. K. Chong	Vice President – Finance
Ms. G. Chong	Vice President
Mr. G. Tambassis	National President
Mr. B. Robertson	Branch Committee
Mr. A. Pricolo	Branch Committee
Mr. V. Kapadia	Branch Committee
Mr. P. Krassaris	Branch Committee
Ms. C. Streeter	Branch Committee
Ms. M. Tsitonakis	Branch Committee
Mr. G. Brooks	Branch Committee
Mr. S. Wilkes	Branch Committee (Appointed on 5 March 2019)
Mr. N. Mitri	Branch Committee (Ceased on 11 December 2018)

(h) Insurance of Officers

During the financial year, The Pharmacy Guild of Australia, Victoria paid insurance to cover all officers of The Pharmacy Guild of Australia, Victoria. The officers of The Pharmacy Guild of Australia, Victoria covered by the insurance policy include all the Committee of Management. Other officers covered by the contract are the management of The Pharmacy Guild of Australia, Victoria. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of The Pharmacy Guild of Australia, Victoria.

ANTHONY TASSONE
Branch President

NGAI KIN CHONG
Vice President - Finance

26 August 2019

Committee of management statement

For the year ended 30 June 2019

On 26 August 2019, the Committee of Management of the Pharmacy Guild of Australia, Victoria passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2019.

The Committee of Management declares in relation to the GPFR 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* (the RO Act);

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of The Pharmacy Guild of Australia, Victoria for the financial year to 30 June 2019;

(d) there are reasonable grounds to believe that The Pharmacy Guild of Australia, Victoria 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 financial year:

   (i) meetings of the Committee of Management were held in accordance with the rules of the organisation, including the rules of The Pharmacy Guild of Australia, Victoria Branch; and

   (ii) the financial affairs of The Pharmacy Guild of Australia, Victoria Branch have been managed in accordance with the rules of the organisation, including the rules of The Pharmacy Guild of Australia, Victoria Branch;

   (iii) the financial records of The Pharmacy Guild of Australia, Victoria Branch have been kept and maintained, in accordance with the RO Act; and

   (iv) the financial records have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the Pharmacy Guild of Australia; and

   (v) where information has been sought in any request of a member of The Pharmacy Guild of Australia, Victoria or Commissioner duly made under section 272 of the RO Act has been furnished or made available to the member or Commissioner; and

   (vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.

(f) The Pharmacy Guild of Australia, Victoria has not derived from undertaking recovery of wages activity during the financial year ended 30 June 2019.

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

ANTHONY TASSONE
Branch President

NGAI KIN CHONG
Vice President - Finance

26 August 2019

Officer Declaration Statement

I, Anthony Tassone, being the Branch President of the Pharmacy Guild of Australia, Victoria, declare that the following activities did not occur during the reporting period ending 30 June 2019.

Pharmacy Guild of Australia, Victoria, did not:

- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

ANTHONY TASSONE
Branch President

26 August 2019

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

Opinion

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

In our opinion, the accompanying financial report presents fairly, in all material respects, the consolidated financial position of he Pharmacy Guild of Australia - Victoria as at 30 June 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with:

(a) Australian Accounting Standards

(b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

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

Basis for Opinion

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

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

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

The Committee of Management is responsible for the other information. The other information is the Operating Report accompanying the financial report.

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

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

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

Responsibilities of the Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Guild's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

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- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Guild's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Guild to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Guild to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Guild audit. We remain solely responsible for our audit opinion.

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

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

Ernst & Young

Ernst & Young

Richard Bembridge
Partner

Melbourne
26 August 2019
Registration number (as registered by the RO Commissioner under the RO Act): AA2017/244