



PHARMACY GUILD  
OF NEW ZEALAND

# Annual Report 2022

Dedicated to member pharmacies

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# President's report

## Tēnā koutou,

While 2022 was yet another challenging year, which began with the Omicron outbreak across New Zealand in February, it was also a year that saw community pharmacies pivoting and successfully adapting to the many opportunities presented.

### Continued Covid-19 response

Community pharmacy continued with its impressive response to the Covid-19 pandemic as an essential service provider, becoming the leading Covid-19 vaccination provider of choice for New Zealanders. We also saw community pharmacy delivering vaccinations to children as well as adults, setting a great precedent for our profession and improving access to a wider range of choice of vaccination providers for all New Zealanders.

Pharmacy also led the community rollout of supervised rapid antigen testing and further increased its professional role, with the initiation of supply and dispensing of antiviral medicines. Throughout it all, our members continued to demonstrate a steadfast commitment to delivering high-quality care to our communities.

### Relationships and representation

In addition to the disruptions of the pandemic, our industry also faced significant economic and regulatory changes. The Guild has worked tirelessly to ensure that the interests of our members were represented, and that the voices of community pharmacists are heard by decision-makers at all levels.

We strongly value our sector relationships and continue to work hard with all key stakeholders to ensure continuity of pharmacy services to all New Zealanders. We appreciated the role that the Ministry of Health, the former District Health Boards, the regulators, fellow professional organisations, wholesalers, and suppliers all performed in 2022 supporting our community pharmacies during this particularly challenging time.

Likewise, we appreciated the pragmatic and practical approach adopted by the two new health sector entities that started on 1 July, Te Whatu Ora and Te Aka Whai Ora, in completing the annual ICPSA contract variation. However, with wage and inflationary cost pressures mounting, there is still much work to be done.

The contract delivered community pharmacy the same level of annual cost pressure recognition as general practice, along with the welcomed precedent of pricing parity for all immunisation services.

The Board also made a significant decision to join legal 'judicial review' proceedings as an intervener in a case brought by a group of independent pharmacy owners (the New Zealand Independent Community Pharmacy Group) challenging two DHB decisions to issue contracts and the Ministry of Health decision to issue licences. The Guild team has fully supported this case, with a mix of legal advice, funding and sector-leading expertise to ensure that members' interests were heard by the Court and to seek the best possible outcomes for the sector.

### As always, thanks to members

Looking ahead, we recognise that our industry will continue to evolve and adapt to changing needs and expectations. As such, we remain committed to supporting our members through advocacy and resources, to ensure that they remain at the forefront of pharmacy care.

I would like to take this opportunity to express my gratitude to our members for their dedication and resilience throughout the past year. It is because of your unwavering commitment to your communities that we can achieve our shared vision of improving health and wellbeing outcomes for all New Zealanders.

Noho ora mai,



**DES BAILEY**  
President



# Chief Executive's report

## Covid-19 services and successes

Community pharmacy has achieved much success in 2022. It was another great year for pharmacies offering vaccinations, with community pharmacies delivering 49.5% of all Covid-19 vaccinations – a total of 1,866,954 – including boosters. This resulted in over \$67 million in fees paid to community pharmacy (at the standard business hours rate).

In January 2022, the Covid-19 vaccine became available to children aged 5-11 years old, marking the first-time pharmacist vaccinators nationwide were able to offer funded childhood vaccinations. Providing paediatric Covid-19 vaccinations then extended to providing paediatric influenza vaccinations.

Pharmacy also led the community rollout of supervised rapid antigen testing and further increased its professional role with the initiation of supply and dispensing of antiviral medicines. We look forward to supporting the recommended pharmacy role expansion for minor ailments and referrals, more preventative services, pharmacist prescribing and medicine optimisation services.

With a key government policy focus on keeping people healthy, well and out of hospital, and clear intent to address our current system's inequitable health and wellbeing outcomes, community pharmacy is extremely well positioned to expand on its vital and growing role in 2023.

## ICPSA and ongoing advocacy

Progress was made to ensure that community pharmacy is appropriately remunerated for the services it provides, whether this be for ICPSA activity or additional Covid-19 activity. Improved ICPSA cost pressure recognition was delivered, with community pharmacy receiving the same level of annual cost pressure recognition as general practice, including pricing parity for all immunisation services.

Our strong advocacy also saw us achieve pricing parity with general practice in relation to the level of funded cost pressures for after-hours Covid-19 service delivery.

A one-off contribution of \$10 million was distributed to community pharmacies to recognise 'extraordinary fixed costs' related to the Covid-19 response. This was paid in June 2022 to recognise IPC measures, reducing the risk of the spread of Covid-19 and delivering care for people in the community. This followed an admission that the \$18 million funding pool in 2020 was overly complex to access and recognising that all pharmacies had stepped up in response to the pandemic.

Our broader sector advocacy work continued in 2022, including the beginning of our work towards developing a comprehensive workforce plan for the sector to address staff shortages. Some key initiatives progressed include obtaining a commitment from Te Whatu Ora for community pharmacy to be included in wider government work on pay parity, and our submission to the Ministry of Business Innovation and Employment for pharmacists and technicians to be included on the Immigration New Zealand Green List.

We are continuing our strong advocacy to progress the two independent reviews to address material unmet wage cost pressures and to develop and implement an appropriate community pharmacy funding model, to ensure a sustainable professional workforce and financially viable sector.

We also remain vigilant to possible opportunities for pharmaceutical co-payment removal, having raised an option for this as part of a 'cost-of-living' policy response for Budget 2022.

2023 will see us continue to work to deliver on the key priorities most important to our members. We thank you for your ongoing support.



**ANDREW GAUDIN**  
Chief Executive



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# Financial report

## Statement of Responsibility for the year ended 31 December 2022

The Board of Directors is responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The independent external auditors, RSM Hayes Audit, have audited the annual financial report and their report appears on page 42.

The Board of Directors is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial report, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial and service performance reporting. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Board of Directors to indicate that the Guild will not remain a going concern in the foreseeable future.

In the opinion of the board members:

- the statement of service performance is drawn up so as to give a true and fair view of the charitable outputs of the Guild for the financial year ended 31 December 2022;
- the statement of comprehensive revenue and expenses is drawn up so as to give a true and fair view of the surplus of the Guild for the financial year ended 31 December 2022;
- the statement of cash flow is drawn up so as to give a true and fair view of the cash flows of the Guild for the financial year ended 31 December 2022;
- the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Guild as at 31 December 2022;
- there are reasonable grounds to believe that the Guild will be able to pay its debts as and when they fall due.



**DES BAILEY**  
President

# Statement of Service Performance

## Who are we and why we exist

### Our purpose

We exist to meet members' business and professional needs by providing sector leadership and advocacy to advance community pharmacy, and by providing a range of practical business tools and resources to help members run successful businesses.

### Our vision

Community pharmacy is recognised as the centre of accessible, equitable, high quality, value for money healthcare and wellbeing services, for all patients in our communities.

### Our strategic priorities

To deliver our vision, we have focused on the following strategic priorities:

#### Strategic priority one: Members have financially sustainable businesses

Service and funding models, and associated contracts, enable the ongoing financial sustainability of members businesses.

#### Strategic priority two: Members have timely information to address key business and professional developments

Members are kept up to date and informed on key business and professional developments and can respond to service delivery and market challenges.

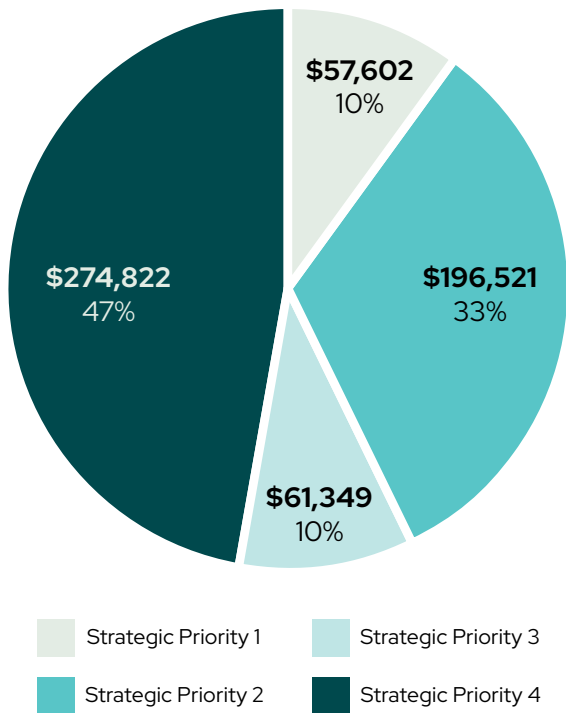
#### Strategic priority three: Strong sector leadership and community pharmacy representation

Members have effective representation to influence successful outcomes, with community pharmacy seen as a core and valued part of primary healthcare.

#### Strategic priority four: Pharmacist ownership and effective control of community pharmacies

Members continue to operate in a regulated environment that recognises the importance of majority pharmacist ownership and effective control by pharmacists.

Expenditure across our strategic priorities in 2022



*Note, the total spend of \$590,294 across the four strategic priorities is included in the combined total of both advocacy and negotiation and promotion expenses, which is \$1,372,414 within the financial statements. Note this combined total in the financial statements also includes the cost of staff time to deliver on the four strategic priorities.*



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# What we delivered

## Strategic priority one: Members have financially sustainable businesses

### To ensure members can operate sustainable businesses, in 2022 we:

#### Represented members during the national annual agreement review of the Integrated Community Pharmacy Services Agreement (ICPSA)

We represent members in key funding discussions, including the ICPSA national annual agreement review (NAAR). The Guild was the largest provider representative in NAAR discussions in 2022.

These discussions resulted in Variation 4 of the ICPSA being introduced in October 2022 and additional evergreen (ongoing) funding. We helped negotiate a 3% cost pressures uplift for pharmacies from Te Whatu Ora. This meant community pharmacy received the same percentage funding increase for cost pressures as general practice.

Variation 4 also included a price increase for influenza and MMR immunisations, which achieved price parity with general practice, along with 2.73% for forecast volume growth, based on population growth, demographic changes, and supply chain issues.

We provided members with a summary of the voluntary variation offer from Te Whatu Ora and recommended that they accept it.

### Negotiated funding for Covid-19 services

In March, pharmacies received a one-off payment of \$3,095 per pharmacy from their District Health Board to implement, further enhance and sustain telehealth services. This funding was requested by the Guild in November 2021, based on the telehealth funding general practice had already received.

In July we advocated for, and helped negotiate, funding for community pharmacies to distribute face masks at no charge to the public. Pharmacies were paid by Te Whatu Ora at the same rate as they were for the distribution of rapid antigen tests (\$2.50 per pack). This followed a government announcement that the public could visit pharmacies distributing RATS to collect free face masks, with no reimbursement for community pharmacy for the provision of this service.

Also in July, two Covid-19 oral therapeutics were reclassified to restricted (pharmacist-only) medicines, allowing a funded pharmacy service to be implemented. We advocated for, and helped negotiate, the standard (\$75) and after-hours (\$123.50) rates per 30 minutes of consultation time from Te Whatu Ora.

## Strategic priority two: Timely information to address key business and professional developments

### The Guild supports members in the everyday running of their pharmacies, in 2022 we:

#### Answered member queries

The Guild team provides a range of support, such as practice, business, and audit support, via phone and email. The number of queries received from members increased in 2022.

Our human resource (HR) advice line and email provides members with personalised guidance. This year, our HR advice line received 137 queries. This was less than 2021, which saw a huge increase in calls due to the Covid-19 mandatory vaccination order.

	2022	2021
Practice and audit queries	415	297
Contract and funding queries	84	46
HR advice line queries	137	324

#### Sent regular member communications

Guild members received a weekly e-newsletter, *Guild InTouch*, with the latest sector news, information, webinars, and surveys – 50 editions are sent each year.

Members also receive 11 editions of *Contact* each year, the Guild's monthly printed magazine for pharmacists and pharmacy owners, focusing on clinical, policy and business topics, along with six editions of *T&A Topics*, the Guild's bi-monthly magazine for technicians and assistants.

#### Developed new ICPSA and Covid-19 member tools

This included developing a template Smokefree Policy and Healthy Food and Drink Policy, along with guidance on their implementation, after Te Whatu Ora began, via local contracts requiring pharmacies to have these in place.

We developed guidance, in conjunction with other sector organisations, on maintaining business continuity with reduced staff/capacity during the pandemic. This outlined key considerations to help members plan and cope during a period of reduced staff or capacity, including guidance on prioritisation of services, and what to do if the pharmacy needs to temporarily close.

To support members to offer Covid-19 oral therapeutics we developed an oral Covid-19 dispensing protocol, or standard operating procedure (SOP). We also developed a SOP for rapid antigen tests for international travel and produced guidance on providing services to customers not wearing masks, based on requirements at the time.



## Developed new business and HR tools

These included:

- A recruitment guide that provided tips and suggestions for running an effective recruitment process, with key templates.
- Email templates to assist members with the process of applying for the government's Covid-19 Leave Support Scheme and Covid-19 Short-Term Absence Payment.
- An updated getting started with vaccinations guide, and an updated administration of vaccines in adults, adolescents, and children 3 years and above SOP and managing anaphylaxis or a faint SOP.

We also launched a partnership with reCare in May, this offered members a monthly discount on the reCare platform that enabled pharmacies to support medicine optimisation and medicine management, while providing a single point-of-entry for receiving and managing all incoming email prescriptions – vaccination eligibility, non-adherence, and prescription subsidy card eligibility, are automatically applied.

## Ran member events

During August, we ran a series of road shows around the country, from Whangarei to Invercargill. This consisted of 12 in-person events, along with a webinar for members unable to attend in person.

The road show covered the ICPSA Variation 4 offer, health system reforms – initial impacts and future signals for community pharmacy, and legal action against DHBs/ Te Whatu Ora and the Ministry of Health.

## Event attendees



**202**  
in 2022



**242**  
in 2021

## Strategic priority three: Strong sector leadership and community pharmacy representation

### To ensure members are appropriately represented and recognised, in 2022 we:

#### Advocated for co-payment removal

We worked with our government relations advisor to continue advancing our case for full or partial co-payment removal. In 2022, this included working behind the scenes to take political soundings and share costing advice, to see whether co-payment removal could be considered as part of the government's cost of living policy response in Budget 2022.

#### Represented community pharmacy on key sector groups

The Guild's Chief Executive, Andrew Gaudin, is a member of the board of the Federation of the Primary Health Aotearoa New Zealand, along with primary healthcare leaders representing PHO's, nursing, midwifery, and allied health. The Federation aims to lead the discussion on primary and community healthcare policy in New Zealand.

In January, Andrew spoke to the Health Select Committee, as one of the Federations representatives, about the Pae Ora (Healthy Futures) Bill. In his comments, Andrew raised concerns that there is not a primary and community health and wellbeing strategy requirement in the draft Bill and sought an increased strategic commitment in the Bill to an expanded range of primary and community health and wellbeing services.

In August, the Federation called for increased funding for primary and community care, with comments from Andrew included in the media release.

In November, the Guild was invited to join the Pharmacists Profession Steering Group, part of the National Allied Health, Scientific & Technical Workforce Pipeline programme – seeking to impact workforce shortages and improve training options.

#### Submitted on key consultations

The Guild regularly submits on proposals and consultations likely to impact members. In 2022 we responded to 33 submissions from Pharmac, Medsafe, the Pharmacy Council, and others. This was up from 2021, when many organisations ran less consultations due to Covid-19 impacts.

Of the 33 consultations, 22 proceeded in line with our submission recommendations, including delaying implementation dates (e.g., the pholcodine reclassification), widening access criteria (e.g., influenza vaccine, rituximab and zoledronic acid), and funding treatments (e.g., Ramipril, long acting paliperidone).

Ten of the consultations still have a decision pending, and the other consultation was on the Pharmac invitation to tender – we gave input about the list of medicines included, as well as pack sizes, dosage forms and special authority removal to improve access and equity.

#### Represented community pharmacy in the media

The media provides an opportunity for the Guild to represent community pharmacy to the public as well as raise the profile of the Guild at a national level. In 2022, we responded to 69 media enquiries from print, radio and television media outlets.

Popular topics of interest from the media were the health system reform, Covid-19 vaccines (including boosters and paediatric vaccines), antivirals and therapeutics, rapid antigen testing, masks and PPE, discount pharmacies, pharmacy closures, pharmacist shortages, medicine supplies, influenza vaccinations, and NAAR negotiations.

In March, Guild Chief Executive Andrew Gaudin appeared on TVNZ Breakfast to discuss accessing rapid antigen tests and in July, Andrew again appeared on Breakfast as part of a story about pharmacist shortages.

#### Submissions



**33** **12**  
in 2022 in 2021

#### Media responses



**69** **79**  
in 2022 in 2021

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## Strategic priority four: Pharmacist ownership and effective control of community pharmacies

### To ensure members are operating in the best regulated environment, in 2022 we:

#### Joined legal action against Te Whatu Ora and the Ministry of Health

The Guild joined legal proceedings challenging two DHB decisions to issue contracts, brought by a group of pharmacy owners – the New Zealand Independent Community Pharmacy Group (ICPG) in June. The case also challenges how the Ministry of Health defines effective control when issuing pharmacy licences.

The Guild joined the case as an interested party or intervener to ensure members' interests were before the Court and to seek the best possible outcomes for the sector. We also provided practical assistance to the ICPG during the case – our legal team liaised closely with the ICPG legal team, and we subsidised Guild member contributions to the ICPG.

In our submission to the Court as part of the case we raised:

- effective control and how the Ministry of Health has interpreted this
- how DHBs should be making contracting decisions
- why DHBs shouldn't be rewarding pharmacies absorbing the co-payment
- DHBs failing to monitor contracts issued under the ICPSA.

The case is still ongoing.

## Statement of Comprehensive Revenue and Expenses

### For the year ended 31 December 2022

	Note	Consolidated		Pharmacy Guild	
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>Revenue from exchange transactions</b>					
Members' subscriptions		1,625,249	1,689,792	1,625,249	1,689,792
Interest		53,789	22,928	37,766	16,695
Rent		207,237	200,103	207,237	200,103
Other income	5	1,763,886	2,757,506	435,667	746,842
		3,650,162	4,670,330	2,305,919	2,653,432
<b>Revenue from non-exchange transactions</b>					
		–	–	–	–
		–	–	–	–
<b>Total revenue</b>		<b>3,650,162</b>	<b>4,670,330</b>	<b>2,305,919</b>	<b>2,653,432</b>
<b>Expenses</b>					
	6				
Cost of goods sold		965,374	1,584,184	–	–
Advocacy and negotiation		816,918	580,883	816,918	580,883
Board		108,268	110,503	108,268	110,503
Promotion		555,496	667,763	555,496	667,763
Training		8,365	14,198	8,365	14,198
Administration		1,094,003	1,317,766	1,036,417	1,196,613
<b>Total expenses</b>		<b>3,548,423</b>	<b>4,275,295</b>	<b>2,525,464</b>	<b>2,569,959</b>
<b>Total surplus / (deficit) for the period</b>		<b>101,738</b>	<b>395,035</b>	<b>(219,545)</b>	<b>83,473</b>
<b>Total comprehensive revenue and expense before income tax</b>		<b>101,738</b>	<b>395,035</b>	<b>(219,545)</b>	<b>83,473</b>
Income tax expense / (benefit)	8	92,210	88,126	2,330	889
<b>Total comprehensive revenue and expense after income tax</b>		<b>9,528</b>	<b>306,908</b>	<b>(221,874)</b>	<b>82,584</b>
Surplus or deficit attributable to the owners of the controlling entity		9,528	306,908	(221,874)	82,584
Total comprehensive revenue and expense attributable to the owners of the controlling entity		9,528	306,908	(221,874)	82,584

## Statement of Changes in Equity

### For the year ended 31 December 2022

Consolidated	Note	Accumulated Revenue and Expense \$	Subsidiary Operational Fund \$	Divisional Fund \$	Guild Special Funds \$	Total \$
Equity at 1 January 2021		2,746,100	675,176	631,287	653,183	4,705,745
Profit/(Loss) for the year		68,151	224,324	14,432	–	306,907
Use of special purpose funds	20	–	–	–	–	–
<b>Total comprehensive income</b>		<b>68,151</b>	<b>224,324</b>	<b>14,432</b>	<b>–</b>	<b>306,907</b>
<b>Equity at 31 December 2021</b>		<b>2,814,251</b>	<b>899,500</b>	<b>645,720</b>	<b>653,183</b>	<b>5,012,652</b>
Profit/(Loss) for the year		(246,266)	231,402	24,392	–	9,528
Use of special purpose funds	20	–	–	–	–	–
<b>Total comprehensive income</b>		<b>(246,266)</b>	<b>231,402</b>	<b>24,392</b>	<b>–</b>	<b>9,528</b>
<b>Equity at 31 December 2022</b>		<b>2,567,985</b>	<b>1,130,902</b>	<b>670,111</b>	<b>653,183</b>	<b>5,022,180</b>

Guild	Note	Accumulated Revenue and Expense \$	Subsidiary Operational Fund \$	Divisional Fund \$	Guild Special Funds \$	Total \$
Equity at 1 January 2021		2,850,603	–	631,286	653,183	4,135,076
Profit/(Loss) for the year		68,151	–	14,432	–	82,584
Use of special purpose funds	20	–	–	–	–	–
<b>Total comprehensive income</b>		<b>68,151</b>	<b>–</b>	<b>14,432</b>	<b>–</b>	<b>82,584</b>
<b>Equity at 31 December 2021</b>		<b>2,918,754</b>	<b>–</b>	<b>645,719</b>	<b>653,183</b>	<b>4,217,656</b>
Profit/(Loss) for the year		(246,266)	–	24,392	–	(221,874)
Use of special purpose funds	20	–	–	–	–	–
<b>Total comprehensive income</b>		<b>(246,266)</b>	<b>–</b>	<b>24,392</b>	<b>–</b>	<b>(221,874)</b>
<b>Equity at 31 December 2022</b>		<b>2,672,488</b>	<b>–</b>	<b>670,111</b>	<b>653,183</b>	<b>3,995,782</b>

## Statement of Financial Position

### As at 31 December 2022

	Note	Consolidated		Pharmacy Guild	
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>Assets</b>					
Cash and deposits	9	1,509,962	1,523,596	601,812	860,043
Trade and other receivables		299,911	323,327	124,388	141,331
Sundry debtors and prepayments		129,458	147,939	128,711	148,915
Inventories	10	53,461	47,762	–	–
Short term investments		2,254,837	2,250,000	1,604,837	1,600,000
GST receivable		22,690	–	39,782	7,217
Guild current accounts	11	–	–	115,101	73,473
Deferred tax	14	8,438	10,689	1,830	4,160
<b>Total current assets</b>		<b>4,278,757</b>	<b>4,303,312</b>	<b>2,616,461</b>	<b>2,835,139</b>
Property, plant and equipment	12	1,022,950	1,132,078	1,473,339	1,582,467
Intangible assets	13	53,758	24,712	49,447	14,280
Loans to other entities	15	40,000	–	40,000	–
<b>Total non-current assets</b>		<b>1,116,707</b>	<b>1,156,790</b>	<b>1,562,786</b>	<b>1,596,747</b>
<b>Total Assets</b>		<b>5,395,464</b>	<b>5,460,103</b>	<b>4,179,247</b>	<b>4,431,886</b>
<b>Liabilities</b>					
Trade and other payables		236,584	213,162	103,586	75,334
Income in advance		–	61,800	–	61,800
Employee entitlements	16	77,253	74,470	77,253	74,470
Provision for tax		34,376	12,222	2,626	2,626
GST payable		–	11,362	–	–
Unclaimed gift vouchers	18	25,070	74,435	–	–
<b>Total current liabilities</b>		<b>373,284</b>	<b>447,451</b>	<b>183,465</b>	<b>214,229</b>
<b>Total non-current liabilities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Liabilities</b>		<b>373,284</b>	<b>447,451</b>	<b>183,465</b>	<b>214,229</b>
<b>Net Assets</b>		<b>5,022,180</b>	<b>5,012,652</b>	<b>3,995,782</b>	<b>4,217,656</b>



	Note	Consolidated		Pharmacy Guild	
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>Equity</b>					
Retained surplus		2,567,985	2,814,251	2,672,488	2,918,754
Subsidiary operational fund	20	1,130,902	899,500	–	–
Divisional fund	20	670,111	645,720	670,111	645,719
Guild special funds	20	653,183	653,183	653,183	653,183
<b>Total Equity</b>		<b>5,022,180</b>	<b>5,012,652</b>	<b>3,995,782</b>	<b>4,217,656</b>

For and on behalf of the board: 30 May 2023



**DES BAILEY**  
President



**KESHREE NAIDOO-RAUF**  
Vice President

## Statement of Cash Flows

### For the year ended 31 December 2022

	Note	Consolidated		Pharmacy Guild	
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Subscriptions, ownership levy & other income		3,557,124	4,673,406	2,263,674	2,752,291
Interest received		53,789	22,928	37,766	16,695
		3,610,913	4,696,334	2,301,440	2,768,986
<b>Payments</b>					
Payments to suppliers and employees		(3,467,360)	(3,956,898)	(2,470,289)	(2,420,972)
Income tax paid		(67,805)	(114,744)	–	(9,734)
		(3,535,165)	(4,071,642)	(2,470,289)	(2,430,706)
<b>Net cash from / (used in) operating activities</b>	<b>23</b>	<b>75,745</b>	<b>624,691</b>	<b>(168,849)</b>	<b>338,280</b>
<b>Cash flows from investing activities</b>					
<b>Receipts</b>					
Sale of property, plant & equipment		–	–	–	–
Sale of short term investments		–	–	–	–
		–	–	–	–
<b>Payments</b>					
Purchase of plant & equipment		(44,544)	(12,233)	(44,544)	(12,235)
Purchase of short term investments		(4,837)	–	(4,837)	–
Funds loaned to other entities		(40,000)	–	(40,000)	–
		(89,381)	(12,233)	(89,381)	(12,235)
<b>Net cash flows from / (used in) investing activities</b>		<b>(89,381)</b>	<b>(12,233)</b>	<b>(89,381)</b>	<b>(12,235)</b>
<b>Cash flows from financing activities</b>					
<b>Payments</b>					
Equipment lease		–	–	–	–
		–	–	–	–
<b>Net cash from / (used in) financing activities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Net increase (decrease) in cash and cash equivalents		(13,636)	612,460	(258,230)	326,045
Cash & cash equivalents at the beginning of the period		1,523,596	911,136	860,043	533,997
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>9</b>	<b>1,509,962</b>	<b>1,523,596</b>	<b>601,812</b>	<b>860,043</b>

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## Notes to the Financial Statements

### For the year ended 31 December 2022

#### 1. Reporting entity

Pharmacy Guild of New Zealand Inc is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

Pharmacy Guild of New Zealand Inc is constituted under the Incorporated Societies Act 1908.

The financial statements presented here are for the entity Pharmacy Guild of New Zealand Inc (the Society) and its 100% owned subsidiary, Pharmaceutical Services Limited, (together the Group) for the year to 31 December 2022.

The Society is a voluntary organisation representing the interests of community pharmacies in New Zealand.

#### 2. Statement of compliance

The Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities.

For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and is not defined as large.

The Board of Directors has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime (RDR) disclosure concessions.

#### 3. Changes in accounting policies

During the period, the group adopted the following new standard for the first time:

##### PBE FRS 48 – Service Performance Reporting

During the period, the group has adopted PBE FRS 48 – Service Performance Reporting (refer to consolidated statement of service performance) for the first time.

##### PBE IPSAS 41 – Financial Instruments

The Guild has adopted PBE IPSAS 41 Financial Instruments in the current financial year. This standard replaces the provisions of PBE IPSAS 29 Financial instruments: recognition and measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment and financial assets and hedge accounting.

In accordance with the transitional provisions in PBE IPSAS 41 comparative information for the 31 December 2021 period have not been restated. As a result, the comparative information provided continues to be accounted for in accordance with the Guilds previous accounting policies.

There were no material changes in recognition or measurement required upon adoption of PBE IPSAS 41.

All other accounting policies were applied consistently during the year.

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## 4. Summary of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

### 4.1 Basis of measurement

These consolidated financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of investment properties, non-derivative financial instruments and land and buildings which are measured at fair value.

### 4.2 Functional and presentational currency

The consolidated financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

### 4.3 Basis of consolidation

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases. In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity are consistent with the policies adopted by the Group and have a 31 December reporting date.

### 4.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

## Revenue from exchange transactions

### Membership fees and subscriptions

Revenue is recognised over the period of the membership or subscription (usually 12 months). Amounts received in advance for memberships or subscriptions relating to future periods are recognised as a liability until such time that the period covering the membership or subscription occurs.

### Rental revenue

Rental revenue arising from the operating leases on investment properties is accounted for on a straight line basis over the lease terms and is included in revenue in the Statement of Comprehensive Revenue and Expenses due to its operating nature.

### Trading

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Pharmaceutical Services Limited.

### Rendering of services

Revenue is derived from service availability and is recognised as an amount evenly spread over the contracted period. Where the contracted period spans two or more years, any prepayment for the remaining portion of the contract period at year end is recognised as a liability.

### Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

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## 4.5 Financial instruments

### Financial assets

The classification of financial assets at initial recognition depends on the financial assets contractual cash flow characteristics and the Groups business model for managing them. The Group initially measures a financial asset at amortised cost; or fair value through surplus or deficit (FVTSD).

### Initial recognition and subsequent measurement

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

Financial assets that do not meet the criteria to be measured at amortised cost are subsequently measured at FVTSD.

The Group's financial assets include: cash and cash equivalents, investments, receivables from non-exchange transactions and receivables from exchange transactions.

### Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

### Expected credit loss allowance (ECL)

The Group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability – weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to the Group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

### Impairment of financial assets

The group assess at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between that assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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## Financial liabilities

The Group's financial liabilities include trade and other creditors, employee entitlements and provision for tax.

Financial liabilities are classified as measured at amortised cost or FVTSD. A financial liability is classified as at FVTSD if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTSD are measured at fair value and net gains and losses, including any interest expense, are recognised in surplus or deficit. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

## Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

## 4.6 Inventories

Inventory is initially measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Inventories are subsequently measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average cost and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## 4.7 Nature and purpose of reserves

The Group creates and maintains reserves in terms of specific requirements.

### Special Purpose Reserve (SPR)

The Group has three special purpose reserves as a result of various past transactions. These are generally held for special projects. Further details are found in Note 20 of the financial statements.



## 4.8 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged on a straight line basis over the useful life of the asset, except for land. Land is not depreciated. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

- **Building and building refurbishments:** 2.0% – 13.5% straight line
- **Office alterations:** 7.0% – 12.5% straight line
- **Furniture:** 7.0% – 17.5% straight line
- **Computers:** 17.5% – 40.0% straight line

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

## 4.9 Intangible assets

Intangible assets are initially measured at cost. Subsequently, intangible assets are measured in accordance with the cost model, being cost less accumulated amortisation and impairment.

Amortisation is recognised in the surplus or deficit on a straight line basis over the estimated useful lives of each amortisable intangible asset.

The diminishing amortisation rates are:

- **Website:** 40% straight line
- **Software:** 40% straight line
- **Trademarks:** 10% straight line

## 4.10 Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

## 4.11 Significant judgments and estimates

In preparing the financial statements, the Board of Directors is required to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The uncertainty from these assumptions and estimates could result in outcomes that may result in a material adjustment to the carrying amount of the asset or liability.

The Group base its assumptions and estimates on parameters available when the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The key significant judgements and estimates used in the preparation of these financial statements are as follows:

### Gift vouchers

In valuing unredeemed gift vouchers in the Statement of Financial Position, several key assumptions and estimates have been used in arriving at the value. These are listed as follows:

- Gift vouchers are presented within four years of purchase (by Pharmacy).
- Two-year expiry timeframe introduced in 2014 adhered to. This timeframe begins when sold by Pharmacy to customer. Gift vouchers not presented within four years of purchase by Pharmacy, are deemed unlikely to be presented and income recognised accordingly.

### Classification of non-financial assets as cash generating assets or non-cash-generating assets

For the purposes of assessing impairment indicators and impairment testing, the Group classifies non-financial assets as either cash-generating or non-cash-generating assets. The Group classifies a non-financial asset as a cash-generating asset if the primary objective of the asset is to generate a commercial return. All other assets are classified as non-cash-generating assets.

All property, plant and equipment and intangible assets held by the Group are classified as non-cash-generating assets. This includes assets that generate fee revenue or other cash flows for the Group, as the cash flows generated as generally not sufficient to represent commercial return on the assets.

### Service Performance Reporting Judgement

When preparing the statement of service performance, we made judgements about the information to present, focusing on the activities and outputs that had the greatest impact on the delivery of our strategic objectives and would therefore be the most meaningful to our members.

We have focused on those activities and outputs that required the greatest amount of staff time, were able to be quantified or measured, and resulted in outputs or outcomes for members. We have not reported on the activities of PSL, given PSL exists solely to make a profit to fund Guild activities and lower the cost of Guild membership fees.

The activities and outputs we have reported on demonstrate:

- Our commitment to supporting members and the community pharmacy sector.
- The types of advocacy we provide to members.
- The variety of tools and resources available to members.
- The regular information and support we provide to members.

## 4.12 Income Tax

The income tax expense recognised for the period is based on the accounting profit, adjusted for non-taxable and non-deductible differences. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in New Zealand.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements as per PBE IAS 12 Income Tax. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable, profit or loss.

Deferred income tax uses tax rates, and is substantively based on tax laws, that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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### 4.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

### 4.14 Employee entitlements

#### (i) Short-term obligations

Liabilities for wages and salaries that are expected to be settled wholly within a year after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee entitlements in the statement of financial position.

There are no long term employee entitlements recorded at reporting date.

Contributions to defined contribution schemes are charged to profit or loss in the year to which they relate.

### 4.15 Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST) except for receivables and payables which are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of assets or liabilities in the Statement of Financial Position.

## 5. Other income

	Consolidated		Pharmacy Guild	
	2022	2021	2022	2021
	\$	\$	\$	\$
Advertising	–	–	–	–
Management fees	–	–	218,454	398,852
Miscellaneous income	149,841	114,740	209,213	114,740
Other subsidiary income	55,926	52,922	–	–
Pharmacode	293,255	321,090	–	–
Publications	–	–	–	–
Rendering of services	73,681	69,221	–	–
Sponsorship	8,000	233,250	8,000	233,250
Sale of goods	1,094,435	1,869,532	–	–
Subscriptions	88,748	96,751	–	–
<b>Total other income</b>	<b>1,763,886</b>	<b>2,757,506</b>	<b>435,667</b>	<b>746,842</b>

## 6. Expenses

	Consolidated		Pharmacy Guild	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Includes the following</b>				
Audit fees	15,680	15,165	10,580	7,841
Bad debts	832	2,484	1	2,135
Board fees	21,251	20,719	21,251	20,719
Board support costs	87,017	89,783	87,017	89,783
Depreciation and amortisation	124,626	156,442	118,504	143,959
Operating leases	–	–	–	–
Staff costs	984,881	1,166,220	984,881	1,166,220

## 7. Auditor's remuneration

	Consolidated		Pharmacy Guild	
	2022	2021	2022	2021
	\$	\$	\$	\$
Amounts paid or due and payable to the auditors for:				
RSM Hayes Audit				
Auditing of financial report	15,680	15,165	10,580	7,841
<b>Total auditor's remuneration</b>	<b>15,680</b>	<b>15,165</b>	<b>10,580</b>	<b>7,841</b>

## 8. Income Tax

	Consolidated		Pharmacy Guild	
	2022	2021	2022	2021
	\$	\$	\$	\$
Operating surplus (deficit) before taxation	101,738	395,034	(219,545)	83,473
Non-assessable income	(1,625,249)	(1,689,792)	(1,625,249)	(1,689,792)
Non-deductible expenses	1,844,794	1,609,494	1,844,794	1,606,319
<b>Assessable surplus (deficit)</b>	<b>321,283</b>	<b>314,736</b>	<b>–</b>	<b>0</b>
Tax on assessable surplus (deficit)	89,959	88,237	–	–
Movement in temporary differences	2,251	889	2,330	889
<b>Income tax expense / (credit)</b>	<b>92,210</b>	<b>89,126</b>	<b>2,330</b>	<b>889</b>
The income tax expense / (credit) is represented by:				
<b>Current tax</b>				
Current tax	89,959	74,223	–	–
	<b>89,959</b>	<b>74,223</b>	<b>–</b>	<b>–</b>
<b>Deferred tax</b>				
Origination and reversal of temporary differences	2,251	13,903	2,330	889
	<b>2,251</b>	<b>13,903</b>	<b>2,330</b>	<b>889</b>
<b>Income tax expense / (credit)</b>	<b>92,210</b>	<b>88,126</b>	<b>2,330</b>	<b>889</b>

The company tax rate and incorporated society tax rate are 28%.

The Pharmacy Guild of New Zealand (Inc) is engaged in both taxable and non-taxable activities. Member subscription fees are non-taxable. Revenue from other activities is taxable.

Only expenses directly associated with taxable revenue are deductible for income tax purposes.

Temporary differences are timing differences arising from differences between recognition timing for income tax purposes and recognition timing per the financial reporting standards.

## 9. Cash & deposits

	Consolidated		Pharmacy Guild	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash at bank	138,568	133,325	589,699	840,337
Short term deposits	1,371,394	1,390,270	12,112	19,706
	<b>1,509,962</b>	<b>1,523,597</b>	<b>601,812</b>	<b>860,044</b>

## 10. Inventories

	Consolidated 2022	Consolidated 2021
	\$	\$
Finished goods and goods for resale	53,461	47,762
	<b>53,461</b>	<b>47,762</b>

A Provision for Obsolete Stock of \$1,589 (2021: \$1,307) is maintained, being the portion not expected to sell of stock that will become obsolete.

Rapid Labels Limited (RLL) holds an ongoing PPSR entry over monies owed by Pharmaceutical Services Limited in the normal course of business. At 31 December 2022, the relevant Accounts Payable balance of monies owed to RLL was \$28,835 including GST. This liability was paid as per the usual terms of trade by 20 January 2023.

## 11. Related parties

- a) The Pharmacy Guild of New Zealand (Inc), as sole shareholder of the company, provides management services to Pharmaceutical Services Limited. All transactions between the parties were conducted at arms length. The following charges were made during the year:

	2022	2021
	\$	\$
Management Fee Charges	151,362	322,280
General Office Charges	49,308	55,872
Occupancy Charges	17,784	20,700
Subvention Payment Charges	59,371	–

- b) No dividend was declared to be paid or credit to The Pharmacy Guild of New Zealand for the year ended 31 December 2022 (2021: \$Nil).
- c) As at 31 December 2022, the intercompany account balance between the Pharmacy Guild of New Zealand and Pharmaceutical Services Limited was \$115,101 (2021: \$73,473). The loan is interest free, and repayable on demand.
- d) Disclosure of Interests by Pharmaceutical Services Limited's Directors.



During the year, the group entered into the following transactions with related parties who are not members of the group. All transactions between other related parties were made at market price.

	2022	2021
	\$	\$
<b>Sale of goods</b>		
Alquimia Limited*	5,717	12,086
<b>Total Sale of goods</b>	<b>5,717</b>	<b>12,086</b>
<b>Amount owed by other related parties</b>		
Alquimia Limited*	340	2,953
<b>Total Amount owed by other related parties</b>	<b>340</b>	<b>2,953</b>

\*One of the group companys' director is also a director and a shareholder of Alquimia Limited

## Compensation of key management personnel

Key management personnel of the Group include the Chief Executive, and Senior Management Team. The total remuneration of members of the Group and the number of individuals, on a full-time equivalent (FTE) basis, receiving remuneration from the Group are:

	2022	2021
	\$	\$
	538,764	645,825
Total remuneration (3.0 FTE, 2021: 3.8)	538,764	645,825

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2021: nil).

The Group did not provide any compensation at non-arms length terms to close family members of key management personnel during the year (2021: nil). The Group did not provide any loans to key management personnel or their close family members.

The Board members remuneration is disclosed in note 22.

## 12. Property, plant and equipment

Consolidated	Land	Buildings & Building Refurbishments	Office Alterations	Furniture	Computers	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance at 1 January 2022	165,871	2,298,397	446,706	255,103	170,494	3,336,571
Additions	–	–	–	3,767	–	3,767
<b>Balance at 31 December 2022</b>	<b>165,871</b>	<b>2,298,397</b>	<b>446,706</b>	<b>258,870</b>	<b>170,494</b>	<b>3,340,338</b>
<b>Depreciation</b>						
Balance at 1 January 2022	–	1,362,188	439,809	242,628	159,865	2,204,490
Depreciation	–	100,821	1,573	2,426	8,076	112,896
<b>Balance at 31 December 2022</b>	<b>–</b>	<b>1,463,009</b>	<b>441,382</b>	<b>245,054</b>	<b>167,941</b>	<b>2,317,386</b>
<b>Carrying amount at 31 December 2022</b>	<b>165,871</b>	<b>835,388</b>	<b>5,324</b>	<b>13,816</b>	<b>2,553</b>	<b>1,022,950</b>
<b>Cost</b>						
Balance at 1 January 2021	165,871	2,298,397	438,506	254,020	167,544	3,324,338
Additions	–	–	8,200	1,083	2,950	12,233
<b>Balance at 31 December 2021</b>	<b>165,871</b>	<b>2,298,397</b>	<b>446,706</b>	<b>255,103</b>	<b>170,494</b>	<b>3,336,571</b>
<b>Depreciation</b>						
Balance at 1 January 2021	–	1,243,155	438,578	240,456	147,483	2,069,672
Depreciation	–	119,033	1,231	2,172	12,382	134,819
<b>Balance at 31 December 2021</b>	<b>–</b>	<b>1,362,188</b>	<b>439,809</b>	<b>242,628</b>	<b>159,865</b>	<b>2,204,491</b>
<b>Carrying amount at 31 December 2021</b>	<b>165,871</b>	<b>936,209</b>	<b>6,897</b>	<b>12,475</b>	<b>10,629</b>	<b>1,132,078</b>

Guild	Land	Buildings & Building Refurbishments	Office Alterations	Furniture	Computers	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance at 1 January 2022	245,871	2,666,469	449,023	255,103	167,564	3,784,030
Additions	–	–	–	3,767	–	3,767
<b>Balance at 31 December 2022</b>	<b>245,871</b>	<b>2,666,469</b>	<b>449,023</b>	<b>258,870</b>	<b>167,564</b>	<b>3,787,797</b>
<b>Depreciation</b>						
Balance at 1 January 2022	–	1,362,188	439,809	242,628	156,935	2,201,560
Depreciation	–	100,821	1,573	2,426	8,076	112,896
<b>Balance at 31 December 2022</b>	<b>–</b>	<b>1,463,009</b>	<b>441,382</b>	<b>245,054</b>	<b>165,011</b>	<b>2,314,456</b>
<b>Carrying amount at 31 December 2022</b>	<b>245,871</b>	<b>1,203,460</b>	<b>7,641</b>	<b>13,816</b>	<b>2,553</b>	<b>1,473,339</b>
<b>Cost</b>						
Balance at 1 January 2021	245,871	2,666,469	440,823	254,020	164,614	3,771,797
Additions	–	–	8,200	1,083	2,950	12,233
<b>Balance at 31 December 2021</b>	<b>245,871</b>	<b>2,666,469</b>	<b>449,023</b>	<b>255,103</b>	<b>167,564</b>	<b>3,784,030</b>
<b>Depreciation</b>						
Balance at 1 January 2021	–	1,243,155	438,578	240,456	144,553	2,066,742
Depreciation	–	119,033	1,231	2,172	12,382	134,819
<b>Balance at 31 December 2021</b>	<b>–</b>	<b>1,362,188</b>	<b>439,809</b>	<b>242,628</b>	<b>156,935</b>	<b>2,201,560</b>
<b>Carrying amount at 31 December 2021</b>	<b>245,871</b>	<b>1,304,281</b>	<b>9,214</b>	<b>12,475</b>	<b>10,629</b>	<b>1,582,467</b>

### 13. Intangible assets

Consolidated	Trademarks \$	Software \$	Website \$	Total \$
<b>Cost</b>				
Balance at 1 January 2022	24,586	216,491	25,824	266,901
Additions – purchased	–	40,775	–	40,775
<b>Balance at 31 December 2022</b>	<b>24,586</b>	<b>257,266</b>	<b>25,824</b>	<b>307,675</b>
<b>Amortisation and impairment</b>				
Balance at 1 January 2022	7,156	209,276	25,757	242,189
Amortisation	3,090	8,573	67	11,730
<b>Balance at 31 December 2022</b>	<b>10,246</b>	<b>217,849</b>	<b>25,824</b>	<b>253,919</b>
<b>Carrying amount at 31 December 2022</b>	<b>14,340</b>	<b>39,417</b>	<b>–</b>	<b>53,757</b>
<b>Cost</b>				
Balance at 1 January 2021	24,586	216,491	25,824	266,901
Additions	–	–	–	–
Disposals	–	–	–	–
<b>Balance at 31 December 2021</b>	<b>24,586</b>	<b>216,491</b>	<b>25,824</b>	<b>266,900</b>
<b>Amortisation and impairment</b>				
Balance at 1 January 2021	4,066	191,963	24,536	220,565
Disposals	–	–	–	–
Amortisation	3,090	17,313	1,221	21,624
<b>Balance at 31 December 2021</b>	<b>7,156</b>	<b>209,276</b>	<b>25,757</b>	<b>242,189</b>
<b>Carrying amount at 31 December 2021</b>	<b>17,430</b>	<b>7,215</b>	<b>67</b>	<b>24,712</b>

<b>Guild</b>	<b>Trademarks</b> \$	<b>Software</b> \$	<b>Website</b> \$	<b>Total</b> \$
<b>Cost</b>				
Balance at 1 January 2022	15,726	18,921	4,927	39,574
Additions – purchased	–	40,775	–	40,775
<b>Balance at 31 December 2022</b>	<b>15,726</b>	<b>59,696</b>	<b>4,927</b>	<b>80,349</b>
<b>Amortisation and impairment</b>				
Balance at 1 January 2022	4,123	16,244	4,927	25,294
Amortisation	1,573	4,035	–	5,608
<b>Balance at 31 December 2022</b>	<b>5,696</b>	<b>20,279</b>	<b>4,927</b>	<b>30,901</b>
<b>Carrying amount at 31 December 2022</b>	<b>10,030</b>	<b>39,417</b>	<b>–</b>	<b>49,447</b>
<b>Cost</b>				
Balance at 1 January 2021	15,726	18,921	4,927	39,574
Additions	–	–	–	–
Disposals	–	–	–	–
<b>Balance at 31 December 2021</b>	<b>15,726</b>	<b>18,921</b>	<b>4,927</b>	<b>39,574</b>
<b>Amortisation and impairment</b>				
Balance at 1 January 2021	2,550	8,676	4,927	16,153
Disposals	–	–	–	–
Amortisation	1,573	7,568	–	9,141
<b>Balance at 31 December 2021</b>	<b>4,123</b>	<b>16,244</b>	<b>4,927</b>	<b>25,294</b>
<b>Carrying amount at 31 December 2021</b>	<b>11,603</b>	<b>2,677</b>	<b>–</b>	<b>14,280</b>

Amortisation of intangible assets is recognised within depreciation and amortisation in the statement of comprehensive revenue and expenses.

## 14. Deferred tax assets and liabilities

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Guild	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Employee benefits	(1,141)	(1,908)	–	–	(1,141)	(1,908)
Trade and other payables	(689)	(2,252)	–	–	(689)	(2,252)
Tax value of loss carry-forwards recognised	–	–	–	–	–	–
<b>Tax (assets) / liabilities</b>	<b>(1,830)</b>	<b>(4,160)</b>	<b>–</b>	<b>–</b>	<b>(1,830)</b>	<b>(4,160)</b>
<b>Set off of tax</b>						
<b>Net tax (assets) / liabilities</b>	<b>(1,830)</b>	<b>(4,160)</b>	<b>–</b>	<b>–</b>	<b>(1,830)</b>	<b>(4,160)</b>

Consolidated	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Employee benefits	(1,141)	(1,908)	–	–	(1,141)	(1,908)
Trade and other payables	(6,851)	(8,414)	–	–	(6,851)	(8,414)
Inventory obsolescence	(445)	(366)			(445)	(366)
Tax value of loss carry-forwards recognised	–	–	–	–	–	–
<b>Tax (assets) / liabilities</b>	<b>(8,438)</b>	<b>(10,688)</b>	<b>–</b>	<b>–</b>	<b>(8,437)</b>	<b>(10,688)</b>
<b>Set off of tax</b>						
<b>Net tax (assets) / liabilities</b>	<b>(8,438)</b>	<b>(10,688)</b>	<b>–</b>	<b>–</b>	<b>(8,437)</b>	<b>(10,688)</b>

*Movement in temporary differences during the year.*



<b>Guild</b>	<b>Balance 1 January 2021</b>	<b>Recognised in income</b>	<b>Recognised in equity</b>	<b>Balance 31 December 2022</b>
	\$	\$	\$	\$
Employee benefits	2,668	(760)	–	1,908
Trade and other payables	2,382	(130)	–	2,252
	<b>5,050</b>	<b>(891)</b>	<b>–</b>	<b>4,160</b>

<b>Guild</b>	<b>Balance 1 January 2022</b>	<b>Recognised in income</b>	<b>Recognised in equity</b>	<b>Balance 31 December 2022</b>
	\$	\$	\$	\$
Employee benefits	1,908	(767)	–	1,141
Trade and other payables	2,252	(1,563)	–	689
	<b>4,160</b>	<b>(2,331)</b>	<b>–</b>	<b>1,830</b>

<b>Consolidated</b>	<b>Balance 1 January 2021</b>	<b>Recognised in income</b>	<b>Recognised in equity</b>	<b>Balance 31 December 2022</b>
	\$	\$	\$	\$
Employee benefits	2,668	(760)	–	1,908
Trade and other payables	8,544	(130)	–	8,414
Inventory obsolescence	13,379	(13,013)	–	366
	<b>24,591</b>	<b>(13,903)</b>	<b>–</b>	<b>10,688</b>

<b>Consolidated</b>	<b>Balance 1 January 2022</b>	<b>Recognised in income</b>	<b>Recognised in equity</b>	<b>Balance 31 December 2022</b>
	\$	\$	\$	\$
Employee benefits	1,908	(767)	–	1,141
Trade and other payables	8,414	(1,563)	–	6,851
Inventory obsolescence	366	79	–	445
	<b>10,687</b>	<b>(2,251)</b>	<b>–</b>	<b>8,438</b>

## 15. Loans to other entities

	Consolidated		Pharmacy Guild	
	2022	2021	2022	2021
	\$	\$	\$	\$
NZ Independent Community Pharmacy Group Inc	40,000	–	40,000	–

The group has entered an agreement with NZ Independent Community Pharmacy Group Inc (ICPG) for the purpose of a high court judicial review. The amount is repayable within two calendar months following the costs decision of the High Court Proceedings.

## 16. Employee entitlements

	Consolidated		Pharmacy Guild	
	2022	2021	2022	2021
	\$	\$	\$	\$
Accrued wages	–	–	–	–
Holiday pay accrual	77,253	74,470	77,253	74,470
<b>Balance at end of year</b>	<b>77,253</b>	<b>74,470</b>	<b>–</b>	<b>74,470</b>

## 17. Leases

As at the reporting date, the Group has entered into the following operating lease commitments:

	Consolidated		Pharmacy Guild	
	2022	2021	2022	2021
	\$	\$	\$	\$
Less than one year	1,830	1,830	1,830	1,830
Between one and five years	1,830	3,660	1,830	3,660
Greater than five years	–	–	–	–
	<b>3,660</b>	<b>5,490</b>	<b>3,660</b>	<b>5,490</b>

## 18. Gift vouchers

	Consolidated 2022 \$	Consolidated 2021 \$
Opening Balance	74,435	135,515
Additional / reduced provision	(4,505)	(18,685)
	<b>69,930</b>	<b>116,830</b>
Gift voucher write off	(44,860)	(42,395)
<b>Closing balance</b>	<b>25,070</b>	<b>74,435</b>

A 4-year write-off policy was introduced in 2014 (previously 7-years), following the addition of a 2-year expiry timeframe on Pharmaceutical Services Limited gift vouchers.

Pharmaceutical Services Limited has stopped issuing new gift vouchers in the year 2019.

## 19. Subsidiary company

### Pharmaceutical Services Limited

	2022 \$	2021 \$
Sales	1,094,435	1,869,532
Profit before taxation	321,282	311,561
Tax expense	(89,959)	(74,224)
<b>Profit after tax</b>	<b>231,322</b>	<b>237,336</b>
Equity from prior year	1,238,850	1,001,514
Dividend paid	–	–
<b>Shareholder Equity</b>	<b>1,470,173</b>	<b>1,238,850</b>
<b>Working capital</b>		
Cash & deposits	908,150	663,553
Accounts Receivable	180,754	185,505
Inventory	53,461	47,762
Income Tax Receivable (Payable)	(31,751)	(9,597)
Investments	650,000	650,000
GST Receivable / (Payable)	(17,092)	(18,579)
Creditors	(252,590)	(215,792)
Unclaimed gift vouchers	(25,070)	(74,435)
	<b>1,465,862</b>	<b>1,228,418</b>
Intangibles	4,310	10,432
Property & Equipment	–	–
<b>Net Assets</b>	<b>1,470,173</b>	<b>1,238,850</b>

The company is a niche marketer of goods and services to pharmacies.

The above details are exclusive of deferred tax adjustments recognised upon consolidation.

## 20. Special funds

### Subsidiary operational fund \$1,130,902 (2021: \$899,500)

The reserve is the Pharmacy Guild's change in equity in Pharmaceutical Services Limited.

### Divisional fund \$670,112 (2021: \$645,720)

The reserve represents divisional funds held in the Guild's bank account during the financial year. The funds are available for divisional activity.

The closing funds of the divisions are allocated as follows:

	2022 \$	2021 \$
Division funds – Northern	215,620	210,233
Division funds – Central	155,707	150,040
Division funds – Midland	113,912	108,837
Division funds – Canterbury	128,508	123,156
Division funds – Otago	56,364	53,454
	<b>670,112</b>	<b>645,720</b>

### Pharmacy information fund \$35,217 (2021: \$35,217)

The Guild received \$262,500 in settlement as a result of a dispute that went to mediation in 1997. In 2002, with the ownership of pharmacies under threat by proposed legislation, part of the fund was used in campaign to preserve the current status.

The balance of the fund is now held for special projects. During 2022, no funds were spent. (2021: nil)

### Pharmacycare sale fund \$160,253 (2021: \$160,253)

The fund arises from the sale of the Pharmacycare brand in 1998 to concentrate on the generic promotion of community pharmacy. During 2022, no funds were spent. (2021: nil)

### Pharmacy Xpo sale fund \$457,713 (2021: \$457,713)

In 2001 the Guild sold the rights to Pharmacy Xpo for the sum of \$400,000. This fund is held to cover contingency and special projects. During 2022, no funds were spent. (2021: nil)

## 21. Categories of financial assets and liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities.

	Consolidated		Pharmacy Guild	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Financial assets</b>				
<b>Loans and receivables</b>				
Cash and deposits	1,509,962	1,523,596	601,812	860,043
Short term investments	2,254,837	2,250,000	1,604,837	1,600,000
Loan Receivable	40,000	–	40,000	–
Receivables from exchange transactions	299,911	323,327	124,388	141,331
	<b>4,104,710</b>	<b>4,096,922</b>	<b>2,371,037</b>	<b>2,601,372</b>
<b>Financial liabilities</b>				
<b>At amortised cost</b>				
Trade and other creditors	236,584	244,820	103,586	75,334
Employee entitlements	77,253	74,470	77,253	74,470
Provision for tax	34,376	12,222	2,626	2,626
	<b>348,214</b>	<b>331,512</b>	<b>183,465</b>	<b>152,429</b>

## 22. Board remuneration

		Remuneration (Honorariums / Fees / Locums)	
		2022	2021
		\$	\$
A Roberts*	Board Member (from June 2014 to June 2022), PSL Director (from June 2016)	1,956	6,602
C Monteith*	Board Member (from June 2015 to September 2021), Vice President (from June 2016 to June 2019), President (from June 2019 to September 2021)	–	23,333
C Keenan*	Board Member (June 2016 – September 2021), Vice President (June 2019 – September 2021)	–	3,943
S Heswall	Board Member (from June 2017)	3,037	3,450
D Bailey	Board Member (from June 2017), President (from September 2021)	35,307	16,274
J Westbury	Board member (from June 2019)	4,050	–
S Wu	Board Member (from June 2018 to June 2022)	2,656	4,476
S Yoo	Board Member (from June 2020), PSL Director (from February 2022)	3,675	4,450
G Perry	Board Member (August 2020 to September 2021), PSL Director (August 2020 to September 2021)	–	5,665
K Naidoo-Rauf	Board Member (from February 2022), Vice President (from June 2022)	6,063	–
I McMichael	Board Member (from February 2022 to February 2023)	4,650	–
B McKay	Board Member (from June 2022)	4,407	–
P Larson	Board Member (from June 2022)	4,400	–
		<b>70,201</b>	<b>68,193</b>

\* Includes fees for work and meetings attended in relation to the Integrated Community Pharmacy Services Agreement and other project work, and as such are in addition to the remuneration of Board activities.

Travel expenses relating to board members are included in Board expenses on the statement of comprehensive revenue and expenses.

## 23. Cash flow information

	Consolidated		Pharmacy Guild	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Reconciliation of net profit (loss) to net cash from operating activities</b>				
Net profit / (loss)	9,528	306,907	(221,874)	82,584
<b>Non-cash flows in operating profit:</b>				
Depreciation	124,626	156,442	118,504	143,959
Gain on disposal of assets	–	–	–	–
Movement in income taxes payable	22,154	(40,520)	–	(9,734)
Movement in deferred taxes	2,251	13,903	2,330	889
<b>Changes in assets and liabilities:</b>				
(Increase) / Decrease in trade debtors, receivables and accrued income	41,898	65,475	37,147	(37,158)
(Increase) / Decrease in goods and services tax	(34,052)	(11,866)	(32,565)	1,694
(Increase) / Decrease in stock	(5,699)	286,485	–	–
(Increase) / Decrease in interentity current accounts	–	–	(41,627)	152,710
Increase / (Decrease) in payables and provisions	(35,594)	(91,054)	(30,764)	3,334
Increase / (Decrease) in gift vouchers	(49,365)	(61,080)	–	–
<b>Net cash provided by operating activities</b>	<b>75,745</b>	<b>624,691</b>	<b>(168,849)</b>	<b>338,280</b>



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## 24. Commitments

### Capital commitments

Neither the Group or the Parent had any capital commitments as at 31 December 2022. (2021: nil)

### Operating lease commitments

The parent, and therefore group, have an operating lease commitment of \$3,660 as at 31 December 2022. (2021: \$5,490)

### Finance lease commitments

Neither the Group or the Parent had any finance lease commitments as at 31 December 2022. (2021: nil)

## 25. Contingencies

The Company and Group have no contingent liabilities or contingent assets at reporting date. (2021: nil)

## 26. Events after the reporting date

The Board of Directors and management is not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the Group.

**RSM Hayes Audit**

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## Independent Auditor's Report

### To the members of Pharmacy Guild of New Zealand (Inc)

#### Opinion

We have audited the consolidated general purpose financial report (hereinafter referred to as 'consolidated financial report') of Pharmacy Guild of New Zealand (Inc) and its subsidiary (the group), which comprises the consolidated financial statements on pages 12 to 41 and the consolidated service performance information on pages 6 to 11. The complete set of consolidated financial statements comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial report presents fairly, in all material respects:

- the financial position of the group as at 31 December 2022, and its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 31 December 2022 in accordance with the entity's service performance criteria.

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

#### Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information*. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial report* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the the Pharmacy Guild of New Zealand (Inc) or its subsidiary.

#### Other matter

The corresponding consolidated service performance information for the year ended 31 December 2021 is unaudited.

#### Other information

The board members are responsible for the other information. The other information comprises the Annual Report 2022 pages 1 to 5 (but does not include the consolidated financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial report does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 board members for the consolidated financial report

The board members are responsible, on behalf of the group, for:

- (a) the preparation and fair presentation of the consolidated financial statements and consolidated service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- (c) such internal control as the board members determine is necessary to enable the preparation of consolidated financial statements and consolidated service performance information that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the consolidated financial report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated service performance information, are 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 ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this consolidated financial report.

A further description of the auditor's responsibilities for the audit of the consolidated financial report is located at the XRB's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-13/>

## Who we report to

This report is made solely to the members, as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the members as a body, for our audit work, for this report, or for the opinions we have formed.

A stylized, handwritten-style signature of 'RSM' in blue ink.

**RSM Hayes Audit**  
Auckland

30 May 2023



**PHARMACY GUILD**  
OF NEW ZEALAND

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