PHARMACY GUILD
OF NEW ZEALAND

Annual Report 2023

Dedicated to member pharmacies

CONTENTS:

President's report

2023 saw many positive changes for community pharmacies in New Zealand. Highlights included the government's decision to remove the $5 prescription co-payment from 1 July, the rollout of a pharmacy-based minor ailment service pilot for Winter 2023, and successful advocacy on new legislative settings for community pharmacy.

Co-payment removal

Co-payment removal had been a key strategic priority for us over the last five years, and the Minister of Health openly acknowledged that the Guild helped make this happen in 2023.

Members have already started to see real benefits, including increased access by removing the cost barrier, with patients returning to their local community pharmacies for a more engaged and personalised service. The financial sustainability of community pharmacies was also strengthened by this decision, helping to sustain the diverse network of pharmacies across New Zealand.

Minor ailments scheme

The minor ailment scheme (MAS), introduced by the government as a 'proof-of-concept' pilot over Winter 2023, resulted in members in selected Districts delivering consultations and, when appropriate, a range of funded medicines for pain and fever, head lice, eye infections, diarrhoea, dehydration and minor skin conditions. The MAS helped reduce pressure on general practice, with GPs referring patients to pharmacies.

Outcome of the legal case

The Guild participated as an intervener in a legal case taken by the Independent Community Pharmacy Group against Te Whatu Ora and the Ministry of Health to ensure members' interests were before the Court.

The Judges decision found that effective control requires positive control and mere veto power or negative control by pharmacist shareholders does not amount to "effective control" of the company. As a result, she ruled that the licences granted by the Ministry of Health to RX8 (a company operating Countdown Pharmacies) were invalid and unlawful and should be set aside. We welcomed this decision and were pleased to see repeated acknowledgement of the evidence presented by counsel for the Guild in the Judge's decision.

Therapeutic Products Act

We succeeded in influencing key parts of the Therapeutics Products Act, which was set to replace the Medicines Act 1981. The early draft bill included two options for pharmacy ownership – restricted and unrestricted ownership. The final Bill and Act fully retained the need for community pharmacies to be majority-owned and operated under the effective control of pharmacists.

We also successfully addressed the risk around the definition of dispensing potentially enabling separate 'supply' and 'advice' components (i.e., a 'hub and spoke' model), by ensuring that the definition of dispensing rightly includes the mix of clinical checks, medicine supply and professional advice.

Ongoing challenges

There remain several key challenges. Late 2023 saw the new coalition government announce their commitment to the re-introduction of the co-payment (planned for July 2024), and a plan to repeal the Therapeutic Products Act (no date specified). Countdown Pharmacy also appealed the Judge's decision in the legal case, meaning the case now moves to the Court of Appeal.

We also continue to work on addressing the increasing workforce and growing unfunded cost pressures that face our members. There is a critical shortage of pharmacists and a lack of cost recognition by our funders of both the core dispensing model and of community pharmacist's wages.

Thank you to our members

As always, I would like to thank our members for their hard mahi this year and their ongoing support of the Guild.

Thanks also to our Board whose experience and guidance help shape our organisation's strategy and direction, and to our hard working Guild headquarters team who execute the strategy and ensure community pharmacy is positioned as a key player in our health system.

D. G. Bailey

DES BAILEY
President

Chief Executive's report

2023 was a significant year for advancing community pharmacy's vital role, setting our sector up for further success in 2024 and beyond.

Through our positive and constructive relationship approach with government and officials, we helped deliver many key sector advocacy successes during 2023, including:

ICPSA

We lead a fully supported sector change to the ICPSA, with funding moving from APAS (Schedule 2) to service lines, to better recognise the service-based cost pressures facing members.

Variation 5 also saw a change in contract year period (1 July to 30 June) to align with the general practice and aged care contract years and delivered the largest ever annual cost pressures recognition funding uplift of 5%.

Te Whatu Ora committed to work with the sector over the next two years to develop and implement a sustainable funding model that fairly recognises service cost pressures and addresses material unmet wage cost pressures.

Covid-19

Covid-19 vaccinations and Care in the Community services (antiviral medicines) transitioned to "business as usual". We worked with Te Whatu Ora to ensure agreements for these ongoing services did not impose additional requirements on members.

Service expansion

Work continued towards enabling community pharmacy to provide an expanded range of services, with a growing range of immunisation services and a step taken towards a nationwide-funded minor aliments service – with a pilot run in some Districts between June and September as a proof of concept for a future nationwide service.

Co-payment removal

Following five years of our strong and consistent policy and political advocacy, the Labour government announced the universal removal of the $5 prescription co-payment.

This announcement was the culmination of many years of work on members behalf, working closely with successive Health Ministers and key officials, and understanding the critical importance and timeline of influencing annual Budget decision-making processes.

Minister of Health, Hon Dr Ayesha Verrall, gave the following acknowledgement:

> I acknowledge the Pharmacy Guild's many years of advocacy to get the pharmaceutical co-payment removed. I know how many people this decision will help, and I'm so pleased to have had your support in making it happen. I look forward to continuing this positive engagement with the Guild and community pharmacy sector into the future.

Therapeutic Products Act

The Therapeutics Products Act was passed, with our desired retention of the majority pharmacist ownership provisions from the Medicines Act 1981. This followed our significant advocacy over many years.

The draft Bill's definition of dispensing had changed significantly from the Medicines Act to the point that it implied dispensing was merely the supply of a medicine. We detailed all parts of the dispensing process in our submission and spoke to the Health Select Committee about this during our verbal submission. This was subsequently changed in the final Act.

While we see much work ahead, and recognise that a number of wins delivered in 2023 are expected to be impacted by a change in government, we are confident that the advocacy approach that we have successfully adopted to date remains best for the key challenges ahead.

We thank members for their continued support and look forward to continuing to deliver on the key priorities that matter most to you.

ANDREW GAUDIN
Chief Executive

Consolidated financial report

Statement of Responsibility for the year ended 31 December 2023

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 40.

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 2023;
- 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 2023;
- 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 2023;
- 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 2023;
- there are reasonable grounds to believe that the Guild will be able to pay its debts as and when they fall due.

D. G. Bailey

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

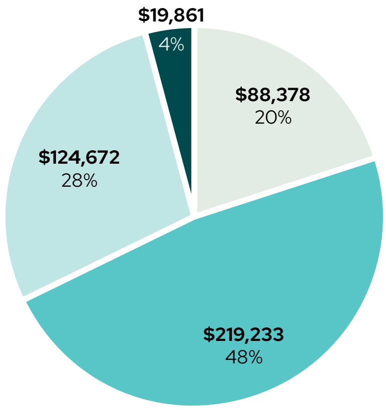
Members have effective representation to influence successful outcomes, with community pharmacy seen as a core and valued part of primary healthcare.

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

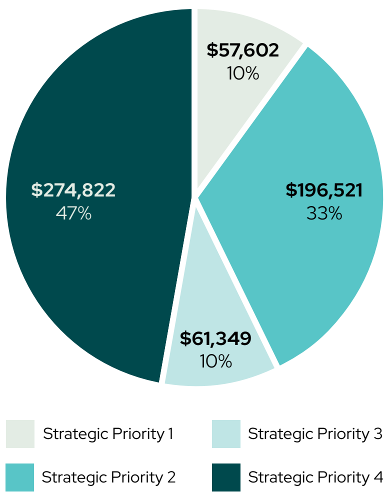
Members continue to operate in a regulated environment that recognises the importance of majority pharmacist ownership and effective control by pharmacists.

Expenditure across our strategic priorities

2023



2022



Note, the total spend of $452,144 ($590,294 in 2022) across the four strategic priorities is included in the combined total of both advocacy and negotiation and promotion expenses, which is $1,165,775 ($1,372,414 in 2022) 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.

What we delivered

Strategic priority one: Members have financially sustainable businesses

To ensure members can operate sustainable businesses, in 2023 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 2023.

These discussions resulted in Variation 5 of the ICPSA being introduced in October 2023 and additional evergreen (ongoing) funding. Variation 5 resulted in a 5% ($32.8 million) 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.

We negotiated a redistribution of existing funding from the Additional Professional Advisory Services (Schedule 2) pool into service lines to better recognise the service-based cost pressures facing members, a vaccination co-administration fee (for influenza and shingles) and supported a change in contract year – from a 1 October to 1 July start.

Variation 5 also included 2.8% ($17.8 million) 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.

Advocated for a minor ailments service pilot

We advocated for a funded nationwide minor ailments service, following the announcement of government funding for Winter 2023 initiatives. Our proposal included conditions included in the final pilot as well as thrush, uncomplicated UTIs, and contraception.

Following the announcement of a minor ailments service pilot in selected Districts, we advocated for the ability to charge multiple consultation fees, given that some patients would require more time or could present with multiple conditions covered by the service, this was not successful due to limited funding being available during the pilot.

We worked with Te Whatu Ora to ensure the service specification and letter of agreement were fit for purpose and the resources they developed were useful. We also developed tools to help members successfully deliver the service.

We advocated for the pilot to continue beyond September, with analysis of its outcomes taking place concurrently. Unfortunately, Te Whatu Ora said this was not possible as the entire budget had been spent.

The pilot saw, at the end of September, community pharmacies deliver over 137,000 consultations (at $25 per consultation) for acute diarrhoea, dehydration, eye infections, scabies, headlice, pain and fever, eczema/ dermatitis, and minor skin infections.

Advocated for an expanded vaccination role

We continued to advocate for an expanded vaccination role for community pharmacy, with both our May NAAR key issues paper and response to the Winter 2023 government funding initiatives including pharmacist vaccinators being funded to vaccinate against shingles, meningococcal, HPV, and all childhood vaccines on the Schedule, and pharmacists not having to purchase and be reimbursed for vaccine stock.

In June, the National Immunisation Programme announced the expansion of funded immunisation services in community pharmacies, with changes to the way the meningococcal vaccines, HPV vaccine, varicella zoster (Shingles) vaccine, and MMR vaccine are listed in the Pharmaceutical Schedule.

These changes meant that pharmacies with an ICPSA immunisation schedule would soon be able to:

- order these vaccines with no upfront purchase cost
- administer these vaccines to eligible people according to Pharmaceutical Schedule eligibility criteria
- claim the immunisation services fee for administering these vaccines.

Ensured Guild membership fees remained unchanged

Pharmaceutical Services Limited (PSL) exists solely to make a profit to fund Guild activities and lower the cost of membership fees. PSL achieved a profit after tax of $238,973 in 2023 ($231,402 in 2022), which helped us keep membership fees at the same level as in 2022.

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

The Guild supports members in the everyday running of their pharmacies, in 2023 we:

Answered member queries

The Guild team provides a range of support, such as practice, business, and audit support, via phone and email.

Our Senior Advisory Pharmacists answer member queries on dispensing processes, claiming, the Pharmaceutical Schedule, and other medicines-related issues. Our Guild HQ team also fields regular contract and funding queries from members.

Our human resource (HR) advice line and email provides members with personalised guidance from an external expert.

	2023	2022
Practice and audit queries	296	415
Contract and funding queries	59	84
HR advice line queries	97	137

Member queries were lower in 2023 primarily because of significantly decreased Covid-19 queries. 2022 saw rapid antigen testing, mask and vaccine queries, which we did not receive in 2023.

Sent regular member communications

Guild members receive 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 business and HR tools

These included:

- Controlled drug summary table – detailing the latest legislation and funding updates
- Diversity and inclusion policy
- Flooding FAQs from our HR advisor – answering common queries around staff availability, how staff are paid, etc.
- Guidance on dealing with the directing of patients
- Guide to responding to the TPB consultation – included shortened versions of the Guild's responses to key clauses that could negatively impact community pharmacies
- Minor ailments service tools – including a customer pathway, implementation checklist, screening tool, and SOP.

We also launched a discount from the Open Polytechnic in October that enabled staff of member pharmacies to receive 10% off pharmacy technician qualifications.

Developed general election resources

To help members participate in the election campaign and engage with their local MPs and candidates we developed:

- election preparedness guidance, covering attending meetings, hosting an MP, etc.
- key messages, including Q&A rebuttal points
- template co-payment letter to National or ACT MPs/candidates
- high-level co-payment costing information
- list of MPs and candidates by electorate.

Ran member events

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

The road show covered co-payment removal, the Therapeutic Products Bill, service and funding model development, cost pressures and workforce pay parity.

In October and November, we ran two webinars to explain ICPSA Variation 5 to members.

Event attendees

198
in 2023

202
in 2022

Strategic priority three: Strong sector leadership and community pharmacy representation

To ensure members are appropriately represented and recognised, in 2023 we:

Advocated for co-payment removal

In 2023, we continued to advocate for co-payment removal on behalf of members and pivoted our focus from improving patient access and outcomes, to helping with the cost-of-living pressures – given the political focus on this issue.

Key advocacy activities during 2023 included:

- Continued use of our government relations advisor
- Writing to the Minister of Health and Te Whatu Ora Chief Executive with co-payment removal advice
- Meeting with Te Whatu Ora National Commissioning Director – this included discussion of co-payment removal to address unintended adverse impacts for patients and pharmacies
- Meeting with the Minister of Health – following this we provided indicative costings for targeted and full co-payment removal
- Providing a submission on co-payment removal to the Petitions Committee

The government announced the removal of the $5 prescription co-payment from 1 July 2023 as part of the Budget. The Guild's work in making this happen was acknowledged by the Minister of Health, who wrote:

> I acknowledge the Pharmacy Guild's many years of advocacy to get the pharmaceutical co-payment removed. I know how many people this decision will help, and I'm so pleased to have had your support in making it happen. I look forward to continuing this positive engagement with the Guild and community pharmacy sector into the future.

In response to the National and Act Party's announcing their targeted co-payment policy during the election campaign, we:

- Wrote to Christopher Luxon, Nicola Willis, David Seymour and Brooke van Velden
- Developed tools to help members lobby local MPs and candidates
- Spoke to and corresponded regularly with National health spokesperson Dr Shane Reti regarding co-payment policy, including sharing analysis and costing information
- Provided a detailed briefing to the incoming Minister in November that reiterated our support for universal co-payment removal and detailed our concerns about the unintended consequences and implementation challenges targeted removal would present.

Represented community pharmacy on key sector groups

The Guild's Chief Executive, Andrew Gaudin, was re-elected to the board of the Federation of the Primary Health Aotearoa New Zealand. The Federation consists of primary and community healthcare leaders representing PHO's, nursing, pharmacy, midwifery, and allied health.

Andrew met with the Minister of Health in April, as part of a Federation delegation, to raise concerns including workforce pressures and hospitals dominating funding investment at the expense of primary and community services, both key issues for the community pharmacy sector.

Submitted on key consultations

The Guild regularly submits on proposals and consultations likely to impact members. In 2023 we responded to 33 submissions from Pharmac, Medsafe, the Pharmacy Council, and others.

Of the 33 consultations, 24 proceeded in line with our submission recommendations, including retaining funding (e.g., molnupiravir), widening access criteria, funding treatments, and increasing the recognition of pharmacy (e.g., pharmacists added to the 2024 voluntary bonding scheme, changes to the prescription vaccine classification statement).

Seven of the consultations still have a decision pending, and two consultations from the Pharmacy Council on APC fees went ahead despite our submission recommendations.

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 2023, we responded to 59 media enquiries from print and radio media outlets.

Popular topics of interest from the media were co-payment policy/removal, the minor ailment service, workforce shortages, ICPSA national annual agreement review, and the election outcome.

Submissions

33 in 2023 **33** in 2022

Media responses

59 in 2023 **69** in 2022

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

To ensure members are operating in the best regulated environment, in 2023 we:

Advocated for changes to the Therapeutic Products Bill

We submitted a response to the Therapeutic Products Bill (TPB) consultation on behalf of members in March, our feedback focused on the issues likely to adversely impact community pharmacies, with a large focus on our support for maintaining pharmacist ownership and effective control of community pharmacies. We also developed guidance to help members make their own submission.

In March, Guild Chief Executive Andrew Gaudin and President Des Bailey, met with the Minister of Health and discussed the sectors key issues, including the TPB.

Also in March, Andrew presented to the Health Select Committee (HSC) in support of our TPB submission. Our verbal feedback focused on pharmacy ownership provisions, the definition of dispensing and pharmacy licence, and our serious concerns about clauses allowing other health professionals to dispense and sell medicines.

Key amendments the HSC recommended to the TPB that align with the Guild's feedback included amending the definition of dispensing, so it specified all the steps involved, and allowing batch compounding. These and other changes flowed through to the final Therapeutic Products Act.

Participated in legal action against Te Whatu Ora and the Ministry of Health

The Guild participated in 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 2022. The case also challenged how the Ministry of Health defines effective control when issuing pharmacy licences.

The Guild participated in 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.

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 DHB's should be making contracting decisions
- why DHB's shouldn't be rewarding pharmacies absorbing the co-payment
- DHB's failing to monitor contracts issued under the ICPSA.

In June 2023 the Judge released her decision. Justice Gwyn found that effective control requires positive control, and mere veto power or negative control by pharmacist shareholders does not amount to "effective control" of the company. As a result, she ruled that the licences granted by the Ministry of Health to RX8 (a company operating Countdown Pharmacies) were invalid and unlawful and should be set aside.

There was repeated acknowledgement of the evidence presented by our lawyers on behalf of the Guild in the Judge's decision.

ICPG and the Guild were not successful on the other matters raised in the case.

Consolidated Statement of Comprehensive Revenue and Expenses
For the year ended 31 December 2023

	Note	Consolidated 2023 $	Consolidated 2022 $	Pharmacy Guild 2023 $	Pharmacy Guild 2022 $
Revenue from exchange transactions					
Members' subscriptions		1,535,755	1,625,249	1,535,755	1,625,249
Interest		199,972	53,789	137,103	37,766
Rent		167,254	207,237	167,254	207,237
Other income	5	1,550,571	1,763,886	352,949	435,667
		3,453,551	3,650,162	2,193,061	2,305,919
Revenue from non-exchange transactions					
		–	–	–	–
		–	–	–	–
Total revenue		**3,453,551**	**3,650,162**	**2,193,061**	**2,305,919**
Expenses	6				
Cost of goods sold		881,717	965,374	–	–
Advocacy and negotiation		618,529	816,918	618,529	816,918
Board		230,834	108,268	230,834	108,268
Promotion		547,246	555,496	547,246	555,496
Training		4,052	8,365	4,052	8,365
Administration		1,153,609	1,094,003	1,105,314	1,036,417
Total expenses		**3,435,987**	**3,548,423**	**2,505,975**	**2,525,464**
Total surplus / (deficit) for the period		**17,564**	**101,738**	**(312,914)**	**(219,545)**
Total comprehensive revenue and expense before income tax		**17,564**	**101,738**	**(312,914)**	**(219,545)**
Income tax expense / (benefit)	8	103,193	92,210	11,609	2,330
Total comprehensive revenue and expense after income tax		**(85,629)**	**9,528**	**(324,523)**	**(221,875)**
Surplus or deficit attributable to the owners of the controlling entity		(85,629)	9,528	(324,523)	(221,875)
Total comprehensive revenue and expense attributable to the owners of the controlling entity		(85,629)	9,528	(324,523)	(221,875)

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

Consolidated	Note	Accumulated Revenue and Expense	Subsidiary Operational Fund	Divisional Fund	Guild Special Funds	Total
		$	$	$	$	$
Equity at 1 January 2022		2,814,251	899,500	645,720	653,183	5,012,652
Profit / (Loss) for the year		(246,266)	231,402	24,392	–	9,528
Use of special purpose funds	20	–	–	–	–	–
Total comprehensive income		**(246,266)**	**231,402**	**24,392**	**–**	**9,528**
Equity at 31 December 2022		**2,567,985**	**1,130,902**	**670,113**	**653,183**	**5,022,180**
Profit / (Loss) for the year		(348,146)	238,894	23,623	–	(85,629)
Use of special purpose funds	20	–	–	–	–	–
Total comprehensive income		**(348,146)**	**238,894**	**23,623**	**–**	**(85,629)**
Equity at 31 December 2023		**2,219,839**	**1,369,796**	**693,735**	**653,183**	**4,936,551**

Guild	Note	Accumulated Revenue and Expense	Subsidiary Operational Fund	Divisional Fund	Guild Special Funds	Total
		$	$	$	$	$
Equity at 1 January 2022		2,918,754	–	645,719	653,183	4,217,656
Profit / (Loss) for the year		(246,266)	–	24,392	–	(221,874)
Use of special purpose funds	20	–	–	–	–	–
Total comprehensive income		**(246,266)**	**–**	**24,392**	**–**	**(221,874)**
Equity at 31 December 2022		**2,672,488**	**–**	**670,112**	**653,183**	**3,995,782**
Profit / (Loss) for the year		(348,146)	–	23,623	–	(324,523)
Use of special purpose funds	20	–	–	–	–	–
Total comprehensive income		**(348,146)**	**–**	**23,623**	**–**	**(324,523)**
Equity at 31 December 2023		**2,324,342**	**–**	**693,735**	**653,183**	**3,671,260**

Consolidated Statement of Financial Position
As at 31 December 2023

	Note	Consolidated 2023 $	Consolidated 2022 $	Pharmacy Guild 2023 $	Pharmacy Guild 2022 $
Assets					
Cash and deposits	9	60,354	1,509,962	20,052	601,812
Trade and other receivables		240,117	299,911	109,332	124,388
Sundry debtors and prepayments		371,362	129,458	103,222	128,711
Inventories	10	15,714	53,461	–	–
Short term investments		3,559,080	2,254,837	2,109,080	1,604,837
GST receivable		19,330	22,690	8,973	39,782
Guild current accounts	11	–	–	38,691	115,101
Deferred tax	14	4,435	8,438	(1,223)	1,830
Total current assets		**4,270,392**	**4,278,757**	**2,388,127**	**2,616,461**
Property, plant and equipment	12	947,199	1,022,950	1,397,588	1,473,339
Intangible assets	13	61,617	53,758	58,824	49,447
Lease incentive asset		16,512	–	16,512	–
Loans to other entities	15	40,000	40,000	40,000	40,000
Total non-current assets		**1,065,328**	**1,116,707**	**1,512,924**	**1,562,786**
Total Assets		**5,335,719**	**5,395,464**	**3,901,051**	**4,179,247**
Liabilities					
Trade and other payables		256,584	236,584	132,554	103,586
Income in advance		–	–	–	–
Employee entitlements	16	92,146	77,253	92,146	77,253
Provision for tax	8	50,439	34,376	5,092	2,626
GST payable		–	–	–	–
Unclaimed gift vouchers	18	–	25,070	–	–
Total current liabilities		**399,169**	**373,284**	**229,793**	**183,465**
Total non-current liabilities		**–**	**–**	**–**	**–**
Total Liabilities		**399,169**	**373,284**	**229,793**	**183,465**
Net Assets		**4,936,551**	**5,022,180**	**3,671,260**	**3,995,782**

	Note	Consolidated 2023 $	Consolidated 2022 $	Pharmacy Guild 2023 $	Pharmacy Guild 2022 $
Equity					
Retained surplus		2,219,839	2,567,985	2,324,342	2,672,488
Subsidiary operational fund	20	1,369,796	1,130,902	–	–
Divisional fund	20	693,735	670,111	693,735	670,111
Guild special funds	20	653,183	653,183	653,183	653,183
Total Equity		**4,936,551**	**5,022,180**	**3,671,260**	**3,995,782**

For and on behalf of the board: 24 May 2024

DES BAILEY
President

KESHREE NAIDOO-RAUF
Vice President

Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	Note	Consolidated 2023 $	Consolidated 2022 $	Pharmacy Guild 2023 $	Pharmacy Guild 2022 $
Cash flows from operating activities					
Receipts					
Subscriptions, ownership levy & other income		3,037,784	3,557,124	2,156,400	2,263,674
Interest received		199,971	53,789	137,103	37,766
		3,237,755	3,610,913	2,293,503	2,301,440
Payments					
Payments to suppliers and employees		(3,230,488)	(3,467,360)	(2,296,378)	(2,470,289)
Income tax paid		(84,077)	(67,805)	(6,089)	–
		(3,314,565)	(3,535,165)	(2,302,467)	(2,470,289)
Net cash from / (used in) operating activities	**23**	**(76,810)**	**75,747**	**(8,964)**	**(168,849)**
Cash flows from investing activities					
Receipts					
Sale of property, plant & equipment		–	–	–	–
Sale of short term investments		–	–	–	–
		–	–	–	–
Payments					
Purchase of plant & equipment		(68,555)	(44,544)	(68,555)	(44,544)
Purchase of short term investments		(1,304,243)	(4,837)	(504,243)	(4,837)
Funds loaned to other entities		–	(40,000)	–	(40,000)
		(1,372,798)	(89,381)	(572,798)	(89,381)
Net cash flows from / (used in) investing activities		**(1,372,798)**	**(89,381)**	**(572,798)**	**(89,381)**
Cash flows from financing activities					
Payments					
Equipment lease		–	–	–	–
		–	–	–	–
Net cash from / (used in) financing activities		**–**	**–**	–	–
Net increase (decrease) in cash and cash equivalents		(1,449,608)	(13,636)	(581,762)	(258,230)
Cash & cash equivalents at the beginning of the period		1,509,962	1,523,596	601,814	860,043
Cash & cash equivalents at the end of the period	**9**	**60,354**	**1,509,962**	**20,052**	**601,814**

Notes to the Consolidated Financial Statements
For the year ended 31 December 2023

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 2023.

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 is 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

There has been no changes in accounting policies. All accounting policies were applied consistently during the year.

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.

4.5 Financial instruments

Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's 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 or 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 or 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.

Financial liabilities

The Group's financial liabilities include trade and other creditors 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 of 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 4 years of purchase (by Pharmacy).
- 2-year expiry timeframe introduced in 2014 adhered to. This timeframe begins when sold by Pharmacy to customer.
- Gift vouchers not presented within 4 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 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 that required the greatest amount of staff time, were able to be quantified or measured, and resulted in outputs or outcomes for 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.

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	
	2023	2022	2023	2022
	$	$	$	$
Management fees	–	–	251,866	218,454
Miscellaneous income	84,348	149,841	83,083	209,213
Other subsidiary income	37,120	55,926	–	–
Pharmacode	284,950	293,255	–	–
Rendering of services	72,047	73,681	–	–
Sponsorship	18,000	8,000	18,000	8,000
Sale of goods	959,779	1,094,435	–	–
Subscriptions	94,327	88,748	–	–
Total other income	**1,550,571**	**1,763,886**	**352,949**	**435,667**

6. Expenses

	Consolidated		Pharmacy Guild	
	2023	2022	2023	2022
	$	$	$	$
Includes the following				
Audit fees	57,618	15,680	42,817	10,580
Bad debts	21,373	832	21,371	1
Board fees	31,454	21,251	31,454	21,251
Board support costs	199,380	87,017	199,380	87,017
Depreciation and amortisation	136,447	124,626	134,930	118,504
Staff costs	1,032,073	984,881	1,063,823	984,881

7. Auditor's remuneration

	Consolidated		Pharmacy Guild	
	2023	2022	2023	2022
	$	$	$	$
Amounts paid or due and payable to the auditors for:				
RSM Hayes Audit				
Auditing of financial report	57,618	15,680	42,817	10,580
Total auditor's remuneration	**57,618**	**15,680**	**42,817**	**10,580**

8. Income Tax

	Consolidated		Pharmacy Guild	
	2023	2022	2023	2022
	$	$	$	$
Operating surplus (deficit) before taxation	17,564	101,738	(312,914)	(219,545)
Non-assessable income	(1,535,755)	(1,625,249)	(1,535,755)	(1,625,249)
Non-deductible expenses	1,879,225	1,844,794	1,879,225	1,844,794
Assessible surplus (deficit)	**361,034**	**321,283**	**30,556**	**–**
Tax on assessible surplus (deficit)	101,089	89,959	8,556	–
Movement in temporary differences	3,053	2,251	3,053	2,330
Income tax expense / (credit)	**104,143**	**92,210**	**11,609**	**2,330**
The income tax expense / (credit) is represented by:				
Current tax				
Current tax	100,140	89,959	8,556	–
	100,140	**89,959**	**8,556**	**–**
Deferred tax				
Origination and reversal of temporary differences	4,003	2,251	3,053	2,330
	4,003	**2,251**	**3,053**	**2,330**
Income tax expense / (credit)	**104,143**	**92,210**	**11,609**	**2,330**

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	
	2023	2022	2023	2022
	$	$	$	$
Cash at bank	50,893	138,568	20,052	589,699
Short term deposits	9,461	1,371,394	–	12,112
	60,354	**1,509,963**	**20,052**	**601,812**

10. Inventories

	Consolidated	Consolidated
	2023	2022
	$	$
Finished goods and goods for resale	15,713	53,461
	15,713	**53,461**

A Provision for Obsolete Stock of $1,589 (2022: $1,589) 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 2023, the relevant Accounts Payable balance of monies owed to RLL was $23,587 including GST. This liability was paid as per the usual terms of trade by 20 January 2024.

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:

	2023	2022
	$	$
Management Fee Charges	172,522	151,362
General Office Charges	61,560	49,308
Occupancy Charges	17,784	17,784
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 2023 (2022: $Nil).

c) As at 31 December 2023, the intercompany account balance between the Pharmacy Guild of New Zealand and Pharmaceutical Services Limited was $38,692 (2022: $115,101). 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.

	2023 $	2022 $
Sale of goods		
Alquimia Limited*	14,238	5,717
Waikanae Pharmacy 2012 Limited**	17,984	18,310
Total Sale of goods	**32,222**	**24,027**
Amount owed by other related parties		
Alquimia Limited*	(45)	340
Waikanae Pharmacy 2012 Limited**	943	639
Total Amount owed by other related parties	**898**	**979**

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

***One of the group companys' director is also a director and a shareholder of Waikanae Pharmacy 2012 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:

	2023 $	2022 $
	564,444	538,764
Total remuneration (3.0 FTE, 2022: 3)	564,444	538,764

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 (2022: nil).

The Group did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2022: 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 21.

12. Property, plant and equipment

Consolidated	Land $	Buildings & Building Refurbishments $	Office Alterations $	Furniture $	Computers $	Total $
Cost						
Balance at 1 January 2023	165,871	2,298,397	446,706	258,870	170,494	3,340,338
Additions	–	13,860	–	–	18,420	32,280
Balance at 31 December 2023	**165,871**	**2,312,257**	**446,706**	**258,870**	**188,914**	**3,372,618**
Depreciation						
Balance at 1 January 2023	–	1,463,009	441,382	245,054	167,941	2,317,386
Depreciation	–	96,223	1,573	2,507	7,728	108,031
Balance at 31 December 2023	**–**	**1,559,232**	**442,955**	**247,561**	**175,669**	**2,425,417**
Carrying amount at 31 December 2023	**165,871**	**753,025**	**3,751**	**11,309**	**13,245**	**947,199**
Cost						
Balance at 1 January 2022	165,871	2,298,397	446,706	255,103	170,494	3,336,571
Additions	–	–	–	3,767	–	3,767
Balance at 31 December 2022	**165,871**	**2,298,397**	**446,706**	**258,870**	**170,494**	**3,340,338**
Depreciation						
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
Balance at 31 December 2022	**–**	**1,463,009**	**441,382**	**245,054**	**167,941**	**2,317,386**
Carrying amount at 31 December 2022	**165,871**	**835,388**	**5,324**	**13,816**	**2,553**	**1,022,950**

Guild	Land	Buildings & Building Refurbishments	Office Alterations	Furniture	Computers	Total
	$	$	$	$	$	$
Cost						
Balance at 1 January 2023	245,871	2,666,469	449,023	258,870	167,564	3,787,797
Additions		13,860			18,420	32,280
Balance at 31 December 2023	**245,871**	**2,680,329**	**449,023**	**258,870**	**185,984**	**3,820,077**
Depreciation						
Balance at 1 January 2023	–	1,463,009	441,382	245,054	165,011	2,314,456
Depreciation	–	96,223	1,573	2,507	7,728	108,031
Balance at 31 December 2023	**–**	**1,559,232**	**442,955**	**247,561**	**172,739**	**2,422,487**
Carrying amount at 31 December 2023	**245,871**	**1,121,097**	**6,068**	**11,309**	**13,245**	**1,397,588**
Cost						
Balance at 1 January 2022	245,871	2,666,469	449,023	255,103	167,564	3,784,030
Additions	–	–	–	3,767	–	3,767
Balance at 31 December 2022	**245,871**	**2,666,469**	**449,023**	**258,870**	**167,564**	**3,787,797**
Depreciation						
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
Balance at 31 December 2022	**–**	**1,463,009**	**441,382**	**245,054**	**165,011**	**2,314,455**
Carrying amount at 31 December 2022	**245,871**	**1,203,460**	**7,641**	**13,816**	**2,553**	**1,473,339**

13. Intangible assets

Consolidated	Trademarks $	Software $	Website $	Total $
Cost				
Balance at 1 January 2023	24,586	257,266	25,824	307,676
Additions – purchased	–	28,275	8,000	36,275
Balance at 31 December 2023	**24,586**	**285,541**	**33,824**	**343,950**
Amortisation and impairment				
Balance at 1 January 2023	10,246	217,849	25,824	253,919
Amortisation	3,090	24,793	533	28,415
Balance at 31 December 2023	**13,336**	**242,642**	**26,357**	**282,334**
Carrying amount at 31 December 2023	**11,250**	**42,900**	**7,467**	**61,618**
Cost				
Balance at 1 January 2022	24,586	216,491	25,824	266,901
Additions	–	40,775	–	40,775
Disposals	–	–	–	–
Balance at 31 December 2022	**24,586**	**257,266**	**25,824**	**307,675**
Amortisation and impairment				
Balance at 1 January 2022	7,156	209,276	25,757	242,189
Disposals	–	–	–	–
Amortisation	3,090	8,573	67	11,730
Balance at 31 December 2022	**10,246**	**217,849**	**25,824**	**253,919**
Carrying amount at 31 December 2022	**14,340**	**39,417**	**–**	**53,757**

Guild	Trademarks $	Software $	Website $	Total $
Cost				
Balance at 1 January 2023	15,726	59,696	4,927	80,349
Additions – purchased		28,275	8,000	36,275
Balance at 31 December 2023	**15,726**	**87,971**	**12,927**	**116,624**
Amortisation and impairment				
Balance at 1 January 2023	5,696	20,279	4,927	30,902
Amortisation	1,573	24,793	533	26,898
Balance at 31 December 2023	**7,269**	**45,072**	**5,460**	**57,799**
Carrying amount at 31 December 2023	**8,457**	**42,900**	**7,467**	**58,824**
Cost				
Balance at 1 January 2022	15,726	18,921	4,927	39,574
Additions	–	40,775	–	40,775
Disposals	–	–	–	–
Balance at 31 December 2022	**15,726**	**59,696**	**4,927**	**80,349**
Amortisation and impairment				
Balance at 1 January 2022	4,123	16,244	4,927	25,294
Disposals	–	–	–	–
Amortisation	1,573	4,035	–	5,608
Balance at 31 December 2022	**5,696**	**20,279**	**4,927**	**30,902**
Carrying amount at 31 December 2022	**10,030**	**39,417**	**–**	**49,447**

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
	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$
Employee benefits	(954)	(1,141)	–	–	(954)	(1,141)
Trade and other payables	(2,446)	(689)	–	–	(2,446)	(689)
Tax value of loss carry-forwards recognised	–	–	(4,623)	–	4,623	–
Tax (assets) / liabilities	**(3,400)**	**(1,830)**	**(4,623)**	**–**	**1,223**	**(1,830)**
Set off of tax						
Net tax (assets) / liabilities	**(3,400)**	**(1,830)**	**(4,623)**	**–**	**1,223**	**(1,830)**

Consolidated		Assets		Liabilities		Net
	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$
Employee benefits	(954)	(1,141)	–	–	(954)	(1,141)
Trade and other payables	(7,659)	(6,851)	–	–	(7,659)	(6,851)
Inventory obsolescence	(445)	(445)	–	–	(445)	(445)
Tax value of loss carry-forwards recognised	–	–	(4,623)	–	4,623	–
Tax (assets) / liabilities	**(9,059)**	**(8,437)**	**(4,623)**	**–**	**(4,435)**	**(8,437)**
Set off of tax						
Net tax (assets) / liabilities	**(9,059)**	**(8,437)**	**(4,623)**	**–**	**(4,435)**	**(8,437)**

Movement in temporary differences during the year.

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

Guild	Balance 1 January 2023 $	Recognised in income $	Recognised in equity $	Balance 31 December 2023 $
Employee benefits	1,141	(187)	–	954
Trade and other payables	689	1,757	–	2,446
Lease Incentive Asset	–	(4,623)	–	(4,623)
	1,830	**(3,053)**	**–**	**(1,223)**

Consolidated	Balance 1 January 2022 $	Recognised in income $	Recognised in equity $	Balance 31 December 2022 $
Employee benefits	1,908	(767)	–	1,141
Trade and other payables	8,414	(1,563)	–	6,851
Inventory obsolescence	366	79	–	445
	10,688	**(2,251)**	**–**	**8,437**

Consolidated	Balance 1 January 2023 $	Recognised in income $	Recognised in equity $	Balance 31 December 2023 $
Employee benefits	1,141	(187)	–	954
Trade and other payables	6,851	808	–	7,659
Inventory obsolescence	445	(0)	–	445
Lease Incentive Asset	–	(4,623)	–	(4,623)
	8,436	**(4,002)**	**–**	**4,435**

15. Loans to other entities

	Consolidated		Pharmacy Guild	
	2023	2022	2023	2022
	$	$	$	$
NZ Independent Community Pharmacy Group Inc	40,000	40,000	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 and any subsequent appeal.

16. Employee entitlements

	Consolidated		Pharmacy Guild	
	2023	2022	2023	2022
	$	$	$	$
Accrued wages	–	–	–	–
Holiday pay accrual	92,146	77,253	92,146	77,253
Balance at end of year	**92,146**	**77,253**	**92,146**	**77,253**

17. Leases

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

	Consolidated		Pharmacy Guild	
	2023	2022	2023	2022
	$	$	$	$
Less than one year	1,830	1,830	1,830	1,830
Between one and five years	–	1,830	–	1,830
Greater than five years	–	–	–	–
	1,830	**3,660**	**1,830**	**3,660**

18. Gift vouchers

	Consolidated	Consolidated
	2023	2022
	$	$
Opening Balance	25,070	74,435
Additional / reduced provision	(1,080)	(4,505)
	23,990	**69,930**
Gift voucher write off	(23,990)	(44,860)
Closing balance	**–**	**25,070**

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 stopped issuing new gift vouchers in 2019.

19. Subsidiary company

Pharmaceutical Services Limited

	2023 $	2022 $
Sales	959,779	1,094,435
Profit before taxation	330,478	321,282
Tax expense	(91,504)	(89,959)
Profit after tax	**238,973**	**231,322**
Equity from prior year	1,470,173	1,238,850
Dividend paid	–	–
Shareholder Equity	**1,709,147**	**1,470,173**
Working capital		
Cash & deposits	40,302	908,150
Accounts Receivable	307,615	180,754
Inventory	14,764	53,461
Prepayments	91,309	–
Income Tax Receivable (Payable)	(45,268)	(31,751)
Investments	1,450,000	650,000
GST Receivable / (Payable)	10,357	(17,092)
Creditors	(162,726)	(252,590)
Unclaimed gift vouchers	–	(25,070)
	1,706,353	**1,465,862**
Intangibles	2,793	4,310
Property & Equipment	–	–
Net Assets	**1,709,147**	**1,470,173**

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 $1,368,846 (2022: $1,130,902)

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

Divisional fund $693,735 (2022: $670,112)

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:

	2023 $	2022 $
Division funds – Northern	224,415	215,620
Division funds – Central	158,328	155,707
Division funds – Midland	118,425	113,912
Division funds – Canterbury	133,333	128,508
Division funds – Otago	59,234	56,364
	693,735	**670,112**

Pharmacy information fund $35,217 (2022: $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 2023, no funds were spent (2022: nil).

Pharmacycare sale fund $160,253 (2022: $160,253)

The fund arises from the sale of the Pharmacycare brand in 1998 to concentrate on the generic promotion of community pharmacy.

During 2023, no funds were spent (2022: nil).

Pharmacy Xpo sale fund $457,713 (2022: $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 2023, no funds were spent (2022: 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	
	2023	2022	2023	2022
	$	$	$	$
Financial assets				
Loans and receivables				
Cash and deposits	60,354	1,509,962	20,052	601,812
Short term investments	3,559,080	2,254,837	2,109,080	1,604,837
Loan Receivable	40,000	40,000	40,000	40,000
Receivables from exchange transactions	240,117	299,911	109,332	124,388
	3,899,551	**4,104,710**	**2,278,464**	**2,371,036**
Financial liabilities				
At amortised cost				
Trade and other creditors	252,097	236,584	132,554	103,586
Employee entitlements	92,146	77,253	92,146	77,253
Provision for tax	50,439	34,376	5,092	2,626
	394,682	**348,214**	**229,793**	**183,465**

22. Board remuneration

		Remuneration (Honorariums / Fees / Locums) 2023 $	2022 $
A Roberts	Board Member (from June 2014 to June 2022), PSL Director (from June 2016 to March 2023)	–	1,956
S Heswall	Board Member (from June 2017)	5,793	3,037
D Bailey	Board Member (from June 2017), President from September 2021	35,474	35,307
J Westbury	Board Member (June 2018 – Current), PSL Director (March 2023 – Current)	6,550	4,050
S Wu	Board Member (from June 2018 to June 2022)	–	2,656
S Yoo	Board Member (from June 2020 – June 2023), PSL Director (from February 2022 – June 2023)	2,200	3,675
K Naidoo-Rauf	Board Member (from February 2022), Vice President (from June 2022)	8,863	6,063
I McMichael	Board Member (from February 2022 to February 2023)	–	4,650
B McKay**	Board Member (from June 2022)	5,910	4,407
P Larson	Board Member (from June 2022)	7,447	4,400
V Chan	Board Member (June 2023 – Current)	3,600	–
C Schimanski	Board Member (June 2023 – Current)	4,700	–
G Mills**	Board Member (June 2019 – Current), PSL Director (March 2023 – Current)	57,780	–
		138,316	**70,201**

***Includes fees for work and meetings attended in relation to the 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	
	2023	2022	2023	2022
	$	$	$	$
Reconciliation of net profit (loss) to net cash from operating activities				
Net profit / (loss)	(85,629)	9,528	(324,523)	(221,874)
Non-cash flows in operating profit:				
Depreciation and amortisation	136,447	124,626	134,930	118,504
Gain on disposal of assets	–	–	–	–
Movement in income taxes payable	2,466	22,154	2,466	–
Movement in deferred taxes	3,053	2,251	3,053	2,330
Changes in assets and liabilities:				
(Increase) / Decrease in trade debtors, receivables and accrued income	(177,628)	41,898	40,544	37,147
(Increase) / Decrease in goods and services tax	3,360	(34,052)	30,809	(32,565)
(Increase) / Decrease in stock	38,697	(5,699)	–	–
(Increase) / Decrease in interentity current accounts	–	–	76,409	(41,627)
(Increase) / Decrease in Lease Incentive	(16,512)	–	(16,512)	–
Increase / (Decrease) in payables and provisions	(44,002)	(35,594)	43,860	(30,764)
Increase / (Decrease) in gift vouchers	(25,070)	(49,365)	–	–
Net cash provided by operating activities	**(76,810)**	**75,745**	**(8,964)**	**(168,849)**

24. Commitments

Capital commitments

Neither the Group or the Parent had any capital commitments as at 31 December 2023 (2022: nil).

Operating lease commitments

The parent, and therefore group, have an operating lease commitment of $1,830 as at 31 December 2023 (2022: $3,660).

Finance lease commitments

Neither the Group or the Parent had any finance lease commitments as at 31 December 2023 (2022: nil).

25. Contingencies

The Company and Group have no contingent liabilities or contingent assets at reporting date (2022: 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

Independent Auditor's Report

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

RSM Hayes Audit

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Opinion

We have audited the consolidated general purpose financial report (hereinafter referred to as 'consolidated financial report') of Pharmacy Guild of New Zealand (Inc) ("the Society") and its subsidiary (together, "the group"), which comprises the consolidated financial statements and separate financial statements of the parent on pages 12 to 39, 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 2023, 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 and separate financial report presents fairly, in all material respects:

- the financial position of the Society and group as at 31 December 2023, and its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 31 December 2023 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 and separate financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated and separate 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 information

The board members are responsible for the other information. The other information comprises the Annual Report 2023 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 the 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 group and the members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM

RSM Hayes Audit
Auckland

24 May 2024

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OF NEW ZEALAND

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