

Dedicated to  
member pharmacies

# Annual Report 2020

PHARMACY GUILD OF NEW ZEALAND (INC)  
FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2020

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# PRESIDENT'S *report*



**Cameron Monteith** – President

***Tēnā koutou. Community pharmacies deliver value to their communities every day as essential service providers, and are well-known and trusted in their local communities, typically available without the need for an appointment.***

We do an excellent job enhancing our patients' health and wellbeing, and this was highlighted during 2020 in our response to the Covid-19 pandemic.

As New Zealand moves into the next phase of its pandemic response, there are immense opportunities for pharmacy to contribute, and for long-standing sector challenges to be addressed. The Guild has and will continue working to ensure our members are best placed to enhance the health and wellbeing outcomes of all New Zealanders.

## **Covid-19 response**

I know the initial response to the pandemic was a challenge for all pharmacy teams, particularly with GPs moving to virtual consultations, and many global medicine supply issues. I am proud of our contribution and in particular to the expanded flu vaccine rollout for those with chronic conditions.

There are additional opportunities where community pharmacy can help keep New Zealanders safe from Covid-19, including supporting the Covid-19 vaccine rollout. We want to see our sector fully utilised, as pharmacies' accessibility and pharmacists' expertise will enhance health and wellbeing outcomes, ensuring greater equity across the system.

We will continue supporting our members in this essential frontline role while ensuring we are on a sure footing to address the longer-term challenges.

## **Services and sector connections**

Community pharmacy's essential nature was further acknowledged in the recent Health and Disability System Review (HDSR) report. The report calls for enhanced Tier 1 service integration, community pharmacy service expansion, and better service commissioning and contracting oversight. The Guild was pleased with these recommendations, as we believe they will boost equity of health and wellbeing outcomes in the long term, and we will work closely with the government's implementation team to ensure they are adopted.

We are also aware of the many excellent and innovative local services that currently exist, and we are evaluating how these offerings can be upscaled nationally, particularly where they address equity issues for Māori and Pacific populations.

It is important to acknowledge innovation and excellence in our sector. Tremendous examples were on display at the New Zealand Primary Healthcare Awards. As a co-host, the Guild was proud to recognise the efforts of community pharmacies, and others across primary care, dedicated professionals stepping up and delivering timely, life-changing interventions to keep New Zealanders well. Thank you all for your hard work.

The Guild continues to perform a key sector leadership role in cross-sector initiatives, including the Community Pharmacy Leaders Forum (CPLF) where we speak with a united voice on key sector issues.

2020 saw the forum discuss issues such as vaccinations, mental health services, HDSR, the co-payment, e-prescribing, sector sustainability, pay parity, out-of-stocks, and addressing service access inequities for vulnerable populations, to name a few. As Guild President and Chair of CPLF, I am proud of this collaborative, cross-sector work.

### **Acknowledgement of Guild Board and staff**

Thank you to our professional, dedicated Board, and the Guild HQ staff. The Board have been exceptional in guiding us forward to achieve great results for our members.

Catherine Keenan continues to do a stellar job as Vice President, providing measured advice and proving herself an exemplary ambassador for community pharmacy.

We were delighted this year to welcome Stephen Yoo, owner of Unichem Helensville Pharmacy and Unichem Westcity Pharmacy, to the Board, representing the Northern electorate. Stephen replaces Kathy Maxwell, who has retired from the Board after six years of service. We thank Kathy for her service and extend to Stephen a warm welcome. We look forward to seeing his skills and talents put to good use.

We also welcome Gemma Perry, owner of Sanders Pharmacy in Te Awamutu, to the Board in a co-opted role. We know her skills and talents will be hugely beneficial.

Thank you also to the Guild HQ team, who work tirelessly every day to provide exceptional services and support to our members. Guild Chief Executive Andrew Gaudin continues to be a mighty advocate for community pharmacy, seeking more support in response to the pandemic while continuing to identify and develop opportunities in the evolving primary and community care settings.

Community pharmacy is well positioned to fill the gaps in primary and community care and help build a healthier New Zealand. Our Pharmacy Guild is the organisation to deliver on this challenge.

Ngā mihi,



**Cameron Monteith**  
**PRESIDENT**  
**PHARMACY GUILD OF NEW ZEALAND**

# CHIEF EXECUTIVE'S *report*



**Andrew Gaudin** – Chief Executive

## **Community pharmacies are essential, irreplaceable local health and wellbeing service hubs in our communities and are well-placed to enhance long term health and wellbeing outcomes.**

The Guild is strongly supporting our members in this role and is taking advantage of the significant future opportunities and addressing the pressing challenges for our sector. As part of achieving this, we advocate widely across all key stakeholders to ensure our members' voices are always heard.

### **Covid-19 response and support to members**

In the unprecedented Covid-19 pandemic and lockdown, pharmacies, rightly classed as essential service providers, went above and beyond to deliver exceptional, dedicated care to their communities across all alert levels. You should all be immensely proud of the way you stepped up for your profession and your communities during this incredibly difficult time.

Immediate difficulties for pharmacies included PPE distribution, the costs of installing new safety measures and a fall in retail sales. We advocated strongly for financial assistance to cover the increased costs arising from safety and access measures as well as the unmet costs from lower retail sales. Our members proved resilient in dealing with other new challenges, including GPs moving to virtual consultations, increases in electronic prescribing, supporting the earlier and expanded role with the 2020 influenza vaccination programme, and managing multiple global medicine supply issues.

While the pandemic amplified many existing financial viability and professional workforce sustainability issues for our sector, there are also significant opportunities to not only address these, but to work with decision-makers to strengthen the health system over the next term of government.

In the next phase of New Zealand's Covid-19 response, pharmacies are uniquely positioned and qualified to help keep the public safe from Covid-19 through supporting the Covid-19 vaccine rollout. This will deliver optimal health and wellbeing outcomes for all New Zealanders.

### **Sector advocacy**

Advocating into central government on our members' behalf is a key way for us to influence change. These efforts have been especially pronounced in 2020, when we have advocated around the \$18 million financial support package, continued our concentrated efforts for removal of the \$5 co-payment, the Health and Disability System Review, and the two DHB reviews around wage cost pressures and the community pharmacy service and funding model.

Our co-payment advocacy remains centred around sector financial viability concerns and removing barriers to accessing health care for all New Zealanders, to create a level playing field for both pharmacies and consumers. We will continue to raise this in our discussions with the government, noting it remains a top priority for members.

We are also keen to ensure our input is effective on the implementation of the Health and Disability System Review (HDSR) recommendations. We were pleased the final report reflected recommendations to address the key issues we raised when engaging with the review panel, including enhanced Tier 1 service integration, community pharmacy service expansion, and better service commissioning and contracting oversight. The recommended establishment of Health New Zealand and the Māori Health Authority, and a reduction in the number of DHBs, should also enhance equity of outcomes in the long term.

We have raised some of these pressing issues with officials and submitted a briefing to the incoming Minister of Health, Hon Andrew Little, to share analysis and advice on priority sector issues and advocate for an improved future for community pharmacy.

We also worked, alongside the Pharmaceutical Society and Green Cross Health in 2020, to develop guidance around operating safely during the pandemic, and we ensured our members received timely, collaborative communications, while also retaining contact with the wider primary care sector through the Federation of Primary Health Aotearoa New Zealand and Primary Health Alliance.

### Contract discussions

While Covid-19 and the lockdown saw the annual Integrated Community Pharmacy Services Agreement (ICPSA) discussions delayed, these resumed in mid-2020, with a variation agreed for 1 October 2020.

We ultimately recommended members accept Variation 2 from their DHB, which provided additional evergreen (ongoing) funding, with only small changes to existing clauses. DHBs also committed to holding independent reviews around addressing unmet wage cost pressures and the community pharmacy service and funding model, which we see as vital given the remaining unrecognised wage and service-related cost pressures.

These reviews aim to develop and implement a sustainable funding model by 1 October 2022 and a clear route toward addressing unmet wage cost pressures and re-establishing professional workforce pay parity.

We will continue progressing funding and workforce sustainability issues through the contract process and advocating for HDSR's recommended expanded range of services and will ensure pharmacy is properly recognised and remunerated for its essential work.

### Acknowledgement of Guild Board and staff

Thank you to the Guild Board for its committed leadership this year, establishing high-level goals for us, and to ensuring we continue our focus on both new opportunities and solving the pressing challenges for the sector.

I would also like to thank our Guild professional staff, who have gone above and beyond this year to provide excellent support to members during the Covid-19 pandemic and lockdown and have continued working on required solutions for our key sector issues.

I am optimistic about the future of community pharmacy, and I strongly believe the Guild is well-positioned to achieve great results for members and to help deliver a more productive and sustainable sector to better support optimal health and wellbeing outcomes for all New Zealanders.

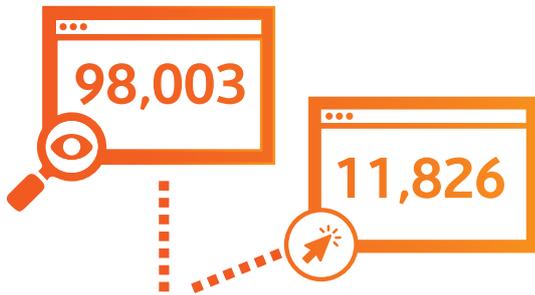


**Andrew Gaudin**  
CHIEF EXECUTIVE  
PHARMACY GUILD OF NEW ZEALAND

# **Guild**

## HIGHLIGHTS

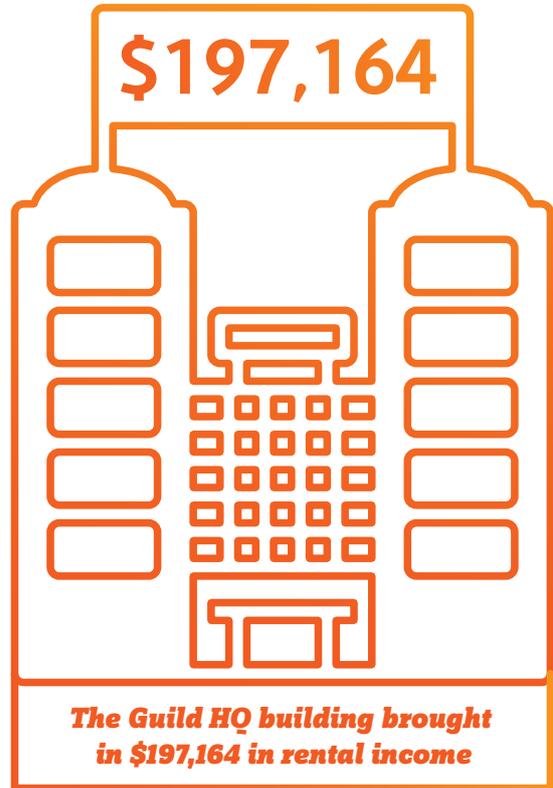
### **2020**



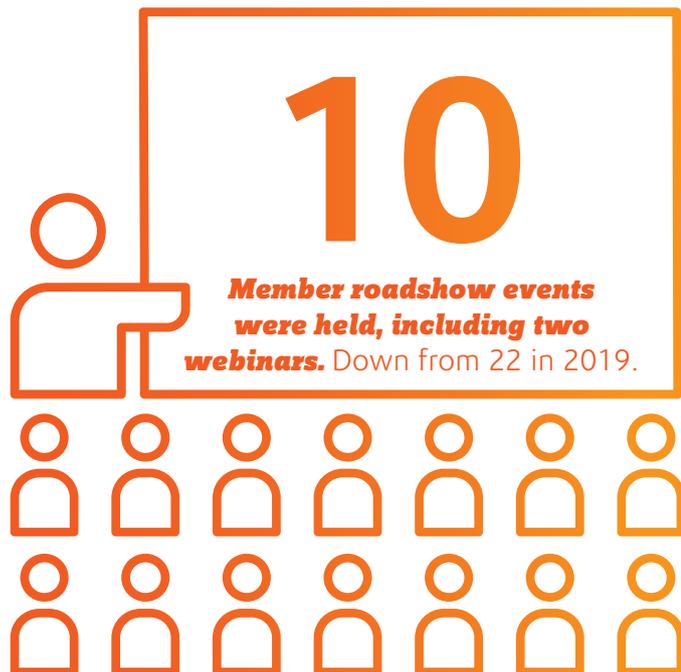
**The Guild website had 11,826 visits during 2020, and 98,003 page views**



**The Guild created a dedicated 'Covid-19 resources' website section and added over 40 new resources to it over 2020**



**The Guild HQ building brought in \$197,164 in rental income**



**Member roadshow events were held, including two webinars. Down from 22 in 2019.**



69

**newsletters were distributed including Guild InTouch, Contact magazine and T&A Topics**



**Pharmacode income of \$294,937**



**Our members made 227 HR queries via our 0800 HR advice line. Up from 150 in 2019.**



533

**Our Professional Services team responded to over 533 member queries in 2020.**

Up from 378 in 2019.

7

**Submissions were prepared on behalf of members, 2 of these were to PHARMAC**

Down from 21 in 2019.

The Covid-19 pandemic impacted the type of support we provided to members in 2019, with fewer road shows able to be held, an increase in member queries and a need to quickly develop Covid-19 specific tools and resources.

# AUDITOR'S **report** & FINANCIAL **accounts**

## **Statement of Responsibility**

✚ for the year ended 31 December 2020

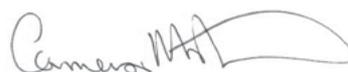
The Board of Directors is responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The independent external auditors, RSM Hayes Audit, have audited the annual financial statements and their report appears on page 9.

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 statements, 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 statements. 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 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 2020;
- 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 2020;
- 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 2020;
- there are reasonable grounds to believe that the Guild will be able to pay its debts as and when they fall due.



**Cameron Monteith**  
**PRESIDENT**  
**PHARMACY GUILD OF NEW ZEALAND**

## Independent Auditor's Report

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

#### Opinion

We have audited the consolidated and separate financial statements of Pharmacy Guild of New Zealand (Inc) and its subsidiary (the group), which comprise:

- the consolidated and separate statement of financial position as at 31 December 2020;
- the consolidated and separate statement of comprehensive revenue and expenses for the year then ended;
- consolidated and separate statement of changes in equity for the year then ended;
- consolidated and separate statement of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements on pages 11 to 35 present fairly, in all material respects, the financial position of the group and Pharmacy Guild of New Zealand (Inc) as at 31 December 2020, and its financial performance and its cash flows for the year then ended 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 in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners 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 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 2020 pages 1 to 7 and 36 to 37 (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated and separate financial statements 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 and separate financial statements, 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 and separate financial statements 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 board members for the consolidated and separate financial statements**

The board members are responsible, on behalf of the Pharmacy Guild of New Zealand (Inc) and its subsidiary, for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the board members determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the board members are responsible, on behalf of the Pharmacy Guild of New Zealand (Inc) and its subsidiary, for assessing the Pharmacy Guild of New Zealand (Inc)'s and subsidiary'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 those charged with governance either intend to liquidate the entity and group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated and separate financial statements. A further description of the auditor's responsibilities for the audit of the consolidated and separate financial statements is located at the XRB's website at:

[https://xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page7.aspx](https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx)

### **Who we report to**

This report is made solely to the members, as a body. Our audit 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 Pharmacy Guild of New Zealand (Inc) and the members as a body, for our 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

10 May 2021

## Statement of Comprehensive Revenue and Expenses

for the year ended 31 December 2020

	NOTE	CONSOLIDATED		PHARMACY GUILD	
		2020	2019	2020	2019
		\$	\$	\$	\$
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>					
Members' subscriptions		1,738,928	1,789,376	1,738,928	1,789,376
Interest		50,985	62,458	39,250	43,162
Rent		175,564	199,197	175,564	199,197
Other income	5	2,710,668	2,564,049	857,563	632,208
		4,676,146	4,615,080	2,811,305	2,663,943
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>					
Wage subsidy		58,889	–	–	–
		58,889	–	–	–
<b>Total revenue</b>		<b>4,735,035</b>	<b>4,615,080</b>	<b>2,811,305</b>	<b>2,663,943</b>
<b>EXPENSES</b>					
	6				
Cost of goods sold		1,530,193	1,617,224	–	–
Advocacy and negotiation		704,965	700,095	704,965	700,095
Board		71,348	172,842	71,348	172,842
Promotion		710,296	472,926	710,296	472,926
Training		7,838	8,556	7,838	8,556
Administration		1,286,304	1,277,553	1,176,108	1,164,483
<b>Total expenses</b>		<b>4,310,944</b>	<b>4,249,196</b>	<b>2,670,555</b>	<b>2,518,902</b>
<b>Total surplus / (deficit) for the period</b>		<b>424,091</b>	<b>365,884</b>	<b>140,750</b>	<b>145,041</b>
<b>Total comprehensive revenue and expense before income tax</b>		<b>424,091</b>	<b>365,884</b>	<b>140,750</b>	<b>145,041</b>
Income tax expense / (benefit)	8	81,642	88,240	2,307	26,164
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE AFTER INCOME TAX</b>		<b>342,449</b>	<b>277,643</b>	<b>138,443</b>	<b>118,877</b>
Surplus or deficit attributable to the owners of the controlling entity		342,449	277,643	138,443	118,877
Total comprehensive revenue and expense attributable to the owners of the controlling entity		342,449	277,643	138,443	118,877

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

+ for the year ended 31 December 2020

	NOTE	ACCUMULATED REVENUE AND EXPENSE	SUBSIDIARY OPERATIONAL FUND	DIVISIONAL FUND	GUILD SPECIAL FUNDS	TOTAL
		\$	\$	\$	\$	\$
<b>CONSOLIDATED</b>						
Equity at 1 January 2019		2,512,272	312,405	607,794	653,183	4,085,652
Profit/(Loss) for the year		114,813	158,766	4,064	–	277,643
Use of special purpose funds	19	–	–	–	–	–
<b>Total comprehensive income</b>		<b>114,813</b>	<b>158,766</b>	<b>4,064</b>	<b>–</b>	<b>277,643</b>
<b>EQUITY AT 31 DECEMBER 2019</b>		<b>2,627,085</b>	<b>471,171</b>	<b>611,858</b>	<b>653,183</b>	<b>4,363,295</b>
Profit/(Loss) for the year		119,015	204,005	19,428	–	342,449
Use of special purpose funds	19	–	–	–	–	–
<b>Total comprehensive income</b>		<b>119,015</b>	<b>204,005</b>	<b>19,428</b>	<b>–</b>	<b>342,449</b>
<b>EQUITY AT 31 DECEMBER 2020</b>		<b>2,746,100</b>	<b>675,176</b>	<b>631,287</b>	<b>653,183</b>	<b>4,705,744</b>

<b>PHARMACY GUILD</b>						
Equity at 1 January 2019		2,616,773	–	607,794	653,183	3,877,752
Profit/(Loss) for the year		114,813	–	4,064	–	118,877
Use of special purpose funds	19	–	–	–	–	–
<b>Total comprehensive income</b>		<b>114,813</b>	<b>–</b>	<b>4,064</b>	<b>–</b>	<b>118,877</b>
<b>EQUITY AT 31 DECEMBER 2019</b>		<b>2,731,585</b>	<b>–</b>	<b>611,858</b>	<b>653,183</b>	<b>3,996,629</b>
Profit/(Loss) for the year		119,015	–	19,428	–	138,443
Use of special purpose funds	19	–	–	–	–	–
<b>Total comprehensive income</b>		<b>119,015</b>	<b>–</b>	<b>19,428</b>	<b>–</b>	<b>138,443</b>
<b>EQUITY AT 31 DECEMBER 2020</b>		<b>2,850,599</b>	<b>–</b>	<b>631,286</b>	<b>653,183</b>	<b>4,135,072</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position

as at 31 December 2020

	NOTE	CONSOLIDATED		PHARMACY GUILD	
		2020	2019	2020	2019
		\$	\$	\$	\$
<b>ASSETS</b>					
Cash and deposits	9	911,136	612,921	533,997	174,777
Trade and other receivables		421,245	416,731	137,786	173,335
Sundry debtors and prepayments		115,492	212,885	115,300	210,947
Inventories	10	334,248	445,439	–	6,312
Short term investments		2,250,000	2,050,000	1,600,000	1,600,000
Guild current accounts	11	–	–	226,183	286,788
Deferred tax	14	24,591	15,665	5,050	2,424
<b>Total current assets</b>		<b>4,056,711</b>	<b>3,753,641</b>	<b>2,618,315</b>	<b>2,454,582</b>
Property, plant and equipment	12	1,254,665	1,338,609	1,705,053	1,788,449
Intangible assets	13	46,335	61,694	23,421	26,840
<b>Total non-current assets</b>		<b>1,301,000</b>	<b>1,400,303</b>	<b>1,728,474</b>	<b>1,815,289</b>
<b>Total Assets</b>		<b>5,357,711</b>	<b>5,153,944</b>	<b>4,346,789</b>	<b>4,269,871</b>
<b>LIABILITIES</b>					
Trade and other payables		336,468	323,639	104,251	125,294
Income in advance		14,500	87,800	14,500	87,800
Employee entitlements	15	89,517	51,344	89,517	51,344
Provision for tax	8	52,742	55,943	12,359	25,718
GST payable		23,228	(3,168)	(8,910)	(16,916)
Unclaimed gift vouchers	17	135,515	275,095	–	–
<b>Total current liabilities</b>		<b>651,971</b>	<b>790,653</b>	<b>211,718</b>	<b>273,240</b>
Finance term liability	23	–	–	–	–
<b>Total non-current liabilities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Liabilities</b>		<b>651,971</b>	<b>790,653</b>	<b>211,718</b>	<b>273,240</b>
<b>NET ASSETS</b>		<b>4,705,744</b>	<b>4,363,295</b>	<b>4,135,072</b>	<b>3,996,629</b>
<b>EQUITY</b>					
Retained surplus		2,746,100	2,627,085	2,850,599	2,731,585
Subsidiary operational fund	19	675,176	471,171	–	–
Divisional fund	19	631,287	611,859	631,286	611,858
Guild special funds	19	653,183	653,183	653,183	653,183
<b>TOTAL EQUITY</b>		<b>4,705,744</b>	<b>4,363,295</b>	<b>4,135,072</b>	<b>3,996,629</b>

The accompanying notes form part of these financial statements.

For and on behalf of the  
Board on 10 May 2021

  
PRESIDENT

  
VICE PRESIDENT

## Statement of Cash Flows

✚ for the year ended 31 December 2020

	NOTE	CONSOLIDATED		PHARMACY GUILD	
		2020	2019	2020	2019
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Subscriptions, ownership levy & other income		4,730,585	4,403,291	2,963,855	2,701,909
Interest received		50,985	62,458	39,250	43,162
		<b>4,781,570</b>	<b>4,465,749</b>	<b>3,003,105</b>	<b>2,745,071</b>
<b>Payments</b>					
Payments to suppliers and employees		(4,131,263)	(4,106,132)	(2,574,984)	(2,267,685)
Income tax paid		(93,769)	(29,116)	(18,291)	416
		<b>(4,225,033)</b>	<b>(4,135,248)</b>	<b>(2,593,275)</b>	<b>(2,267,269)</b>
<b>Net cash from / (used in) operating activities</b>	<b>22</b>	<b>556,537</b>	<b>330,501</b>	<b>409,830</b>	<b>477,802</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		(58,323)	(61,830)	(50,610)	(39,144)
Purchase of short term investments		(200,000)	(400,000)	–	(400,000)
		<b>(258,323)</b>	<b>(461,830)</b>	<b>(50,610)</b>	<b>(439,144)</b>
<b>Net cash flows from / (used in) investing activities</b>		<b>(258,323)</b>	<b>(461,830)</b>	<b>(50,610)</b>	<b>(439,144)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Payments</b>					
Equipment lease		–	–	–	–
<b>Net cash flows from / (used in) financing activities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Net increase (decrease) in cash and cash equivalents		298,216	(131,329)	359,220	38,658
Cash & cash equivalents at the beginning of the period		612,921	744,251	174,777	136,119
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>9</b>	<b>911,136</b>	<b>612,921</b>	<b>533,997</b>	<b>174,777</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

+ for the year ended 31 December 2020

## 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 2020.

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

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

The Group derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Group has transferred substantially all the risks and rewards of the asset; or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### **Financial assets**

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Group's financial assets are classified as

financial assets at fair value through surplus or deficit, loans and receivables or as available for sale financial assets. The Group's financial assets include cash & deposits, trade & other receivables and sundry debtors.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Group's cash and cash equivalents, receivables from exchange transactions and receivables from non-exchange transactions fall into this category of financial instruments.

### **Impairment of financial assets**

The Group assesses at the end of 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 impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a '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, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Group first assesses whether there is objective evidence of impairment for financial assets that are individually significant, and collectively significant for financial assets that are not individually significant. If the Group determines that there is no objective evidence of impairment for an individually assessed financial asset,

it includes the asset in a group of financial asset 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 for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

#### **Financial liabilities**

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

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

### **4.6 Cash and cash equivalents**

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **4.7 Short term investments**

Short term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.

### **4.8 Inventories**

Inventory held for sale is valued at the lower of cost, determined on a weighted average basis, or net realisable value.

### **4.9 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 19 of the financial statements.

### **4.10 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.

### **4.11 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

### **4.12 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.

### 4.13 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 are generally not sufficient to represent commercial return on the assets.

### 4.14 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 NZ 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.

### 4.15 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

#### **4.16 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.

#### **4.17 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.

#### **4.18 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

	NOTE	CONSOLIDATED		PHARMACY GUILD	
		2020	2019	2020	2019
		\$	\$	\$	\$
Advertising		–	2,090	–	–
Management fees		–	–	465,506	464,113
Miscellaneous income		86,557	101,803	86,557	101,803
Other subsidiary income		81,125	78,133	–	–
Pharmacode		295,337	296,550	–	–
Publications		–	–	–	–
Rendering of services		67,101	65,550	–	–
Sponsorship		305,500	66,292	305,500	66,292
Sale of goods		1,795,314	1,879,543	–	–
Subscriptions		79,734	74,088	–	–
<b>TOTAL OTHER INCOME</b>		<b>2,710,668</b>	<b>2,564,049</b>	<b>857,563</b>	<b>632,207</b>

## 6. EXPENSES

	NOTE	CONSOLIDATED		PHARMACY GUILD	
		2020	2019	2020	2019
		\$	\$	\$	\$
<i>Includes the following</i>					
Audit fees	7	14,748	15,054	7,629	7,676
Bad debts		13,764	4,441	7,702	4,441
Board fees		21,981	29,818	21,981	29,818
Board support costs		49,367	143,025	49,367	143,025
Depreciation and amortisation	12, 13	157,625	143,078	137,423	129,027
Operating leases		–	5,440	–	5,440
Staff costs		1,292,402	1,270,840	1,292,402	1,270,840

## 7. AUDITOR'S REMUNERATION

	CONSOLIDATED		PHARMACY GUILD	
	2020	2019	2020	2019
	\$	\$	\$	\$
<i>Amounts paid or due and payable to the auditors for:</i>				
RSM Hayes Audit				
Auditing the financial statements	14,748	15,054	7,629	7,676
<b>TOTAL AUDITOR'S REMUNERATION</b>	<b>14,748</b>	<b>15,054</b>	<b>7,629</b>	<b>7,676</b>

## 8. INCOME TAX

	CONSOLIDATED		PHARMACY GUILD	
	2020	2019	2020	2019
	\$	\$	\$	\$
Operating surplus (deficit) before taxation	424,091	365,883	140,750	145,041
Non-assessable income	(1,738,928)	(1,853,505)	(1,738,928)	(1,854,366)
Non-deductible expenses	1,607,418	1,803,766	1,607,418	1,803,766
<b>Assessible surplus (deficit)</b>	<b>292,581</b>	<b>316,143</b>	<b>9,239</b>	<b>94,440</b>
Tax on assessible surplus (deficit)	81,922	88,520	2,587	26,444
Exemption	(280)	(280)	(280)	(280)
<b>Income tax expense / (credit)</b>	<b>81,642</b>	<b>88,240</b>	<b>2,307</b>	<b>26,164</b>
<i>The income tax expense / (credit) is represented by:</i>				
<b>CURRENT TAX</b>				
Current tax	90,569	87,182	4,933	24,753
	<b>90,569</b>	<b>87,182</b>	<b>4,933</b>	<b>24,753</b>
<b>DEFERRED TAX</b>				
Origination and reversal of temporary differences	(8,926)	1,058	(2,626)	1,411
<b>INCOME TAX EXPENSE / (CREDIT)</b>	<b>81,642</b>	<b>88,240</b>	<b>2,307</b>	<b>26,164</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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash at bank	134,598	93,209	27,339	38,080
Short term deposits	776,537	519,713	506,657	136,696
	<b>911, 136</b>	<b>612, 921</b>	<b>533, 997</b>	<b>174, 777</b>

## 10. INVENTORIES

	CONSOLIDATED		CONSOLIDATED	
	2020	2019	2020	2019
	\$	\$	\$	\$
Finished goods and goods for resale	334,248	445,439		
	<b>334,248</b>	<b>445,439</b>		

A Provision for Obsolete Stock of \$47,783 (2019: \$31,290) 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 2019, the relevant Accounts Payable balance of monies owed to RLL was \$20,138 including GST. This liability was paid as per the usual terms of trade by 20 January 2020.

## 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:

	2020	2019
	\$	\$
Management Fee Charges	377,318	357,877
General Office Charges	66,588	76,716
Occupancy Charges	21,600	29,520

- b) No dividend was declared to be paid or credit to The Pharmacy Guild of New Zealand for the year ended 31 December 2020 (2019: \$Nil).
- c) As at 31 December 2020, the intercompany account balance between the Pharmacy Guild of New Zealand and Pharmaceutical Services Limited was \$226,183 (2019: \$286,788). The loan is interest free, and repayable on demand.
- d) Disclosure of Interests by Pharmaceutical Services Limited's Director

RELATED PARTY	RELATIONSHIP		TYPE OF TRANSACTIONS
Community Pharmacy Interests*	A Roberts	Director & Shareholder	Sales (PSL)
Community Pharmacy Interests*	J Wright (Retired)	Director & Shareholder	Sales (PSL)
Community Pharmacy Interests*	G Waterhouse-Perry	Director & Shareholder	Sales (PSL)

\*Community Pharmacy Interests – represents individuals with shareholding in a company(s) that owns and operates one or more community pharmacy business.

### 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:

	2020	2019
	\$	\$
Total remuneration (4.5 FTE, 2019: 4.25)	690,204	644,809

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 (2019: 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 (2019: 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

	LAND	BUILDINGS AND BUILDING REFURBISHMENTS	OFFICE ALTERATIONS	FURNITURE	COMPUTERS	TOTAL
<b>CONSOLIDATED</b>						
<b>COST</b>	\$	\$	\$	\$	\$	\$
Balance at 1 January 2020	165,871	2,265,565	438,506	262,150	187,650	3,319,742
Additions	–	32,832	–	–	13,024	45,856
Disposals	–	–	–	(8,130)	(33,130)	(41,260)
<b>Balance at 31 December 2020</b>	<b>165,871</b>	<b>2,298,397</b>	<b>438,506</b>	<b>254,020</b>	<b>167,544</b>	<b>3,324,338</b>
<b>DEPRECIATION</b>						
Balance at 1 January 2020	–	1,127,161	438,030	246,421	169,520	1,981,132
Disposals	–	–	–	(8,130)	(32,386)	(40,516)
Depreciation	–	115,994	548	2,165	10,349	129,056
<b>Balance at 31 December 2020</b>	<b>–</b>	<b>1,243,155</b>	<b>438,578</b>	<b>240,456</b>	<b>147,483</b>	<b>2,069,672</b>
<b>CARRYING AMOUNT AT 31 DECEMBER 2020</b>	<b>165,871</b>	<b>1,055,242</b>	<b>(72)</b>	<b>13,564</b>	<b>20,061</b>	<b>1,254,665</b>
<b>COST</b>						
Balance at 1 January 2019	165,871	2,264,274	438,506	261,286	264,454	3,394,391
Additions	–	1,291	–	864	16,206	18,361
Disposals	–	–	–	–	(93,010)	(93,010)
<b>Balance at 31 December 2019</b>	<b>165,871</b>	<b>2,265,565</b>	<b>438,506</b>	<b>262,150</b>	<b>187,650</b>	<b>3,319,742</b>
<b>DEPRECIATION</b>						
Balance at 1 January 2019	–	1,013,202	437,482	244,344	247,811	1,942,839
Disposals	–	–	–	–	(88,720)	(88,720)
Depreciation	–	113,959	548	2,077	10,429	127,014
<b>Balance at 31 December 2019</b>	<b>–</b>	<b>1,127,161</b>	<b>438,030</b>	<b>246,421</b>	<b>169,520</b>	<b>1,981,133</b>
<b>CARRYING AMOUNT AT 31 DECEMBER 2019</b>	<b>165,871</b>	<b>1,138,404</b>	<b>476</b>	<b>15,729</b>	<b>18,130</b>	<b>1,338,609</b>

	LAND	BUILDINGS AND BUILDING REFURBISHMENTS	OFFICE ALTERATIONS	FURNITURE	COMPUTERS	TOTAL
<b>PHARMACY GUILD</b>						
<b>COST</b>	\$	\$	\$	\$	\$	\$
Balance at 1 January 2020	245,871	2,633,637	440,823	262,150	184,720	3,767,201
Additions		32,832	–	–	13,024	45,856
Disposals				(8,130)	(33,130)	(41,260)
<b>Balance at 31 December 2020</b>	<b>245,871</b>	<b>2,666,469</b>	<b>440,823</b>	<b>254,020</b>	<b>164,614</b>	<b>3,771,797</b>
<b>DEPRECIATION</b>						
Balance at 1 January 2020	–	1,127,161	438,030	246,421	167,139	1,978,751
Disposals				(8,130)	(32,386)	(40,516)
Depreciation		115,994	548	2,165	9,800	128,507
<b>Balance at 31 December 2020</b>	<b>–</b>	<b>1,243,155</b>	<b>438,578</b>	<b>240,456</b>	<b>144,553</b>	<b>2,066,742</b>
<b>CARRYING AMOUNT AT 31 DECEMBER 2020</b>	<b>245,871</b>	<b>1,423,314</b>	<b>2,245</b>	<b>13,564</b>	<b>20,061</b>	<b>1,705,053</b>
<b>COST</b>						
Balance at 1 January 2019	245,871	2,632,346	440,823	261,286	261,524	3,841,850
Additions	–	1,291	–	864	16,206	18,362
Disposals	–	–	–	–	(93,010)	(93,010)
<b>Balance at 31 December 2019</b>	<b>245,871</b>	<b>2,633,637</b>	<b>440,823</b>	<b>262,150</b>	<b>184,720</b>	<b>3,767,202</b>
<b>DEPRECIATION</b>						
Balance at 1 January 2019	–	1,013,202	437,482	244,344	246,602	1,941,630
Disposals	–	–	–	–	(88,720)	(88,720)
Depreciation	–	113,959	548	2,077	9,257	125,842
<b>Balance at 31 December 2019</b>	<b>–</b>	<b>1,127,161</b>	<b>438,030</b>	<b>246,421</b>	<b>167,139</b>	<b>1,978,752</b>
<b>CARRYING AMOUNT AT 31 DECEMBER 2019</b>	<b>245,871</b>	<b>1,506,476</b>	<b>2,793</b>	<b>15,729</b>	<b>17,581</b>	<b>1,788,449</b>

## 13. INTANGIBLE ASSETS

	TRADEMARKS	SOFTWARE	WEBSITE	TOTAL
	\$	\$	\$	\$
<b>CONSOLIDATED</b>				
<b>COST</b>				
Balance at 1 January 2020	19,136	208,730	25,824	253,690
Additions – purchased	5,450	7,761	–	13,211
Disposals	–	–	–	–
<b>Balance at 31 December 2020</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 2020	1,203	171,516	19,276	191,995
Disposals	–	–	–	–
Amortisation	2,863	20,447	5,260	28,569
<b>Balance at 31 December 2020</b>	<b>4,066</b>	<b>191,963</b>	<b>24,536</b>	<b>220,564</b>
<b>CARRYING AMOUNT AT 31 DECEMBER 2020</b>	<b>20,520</b>	<b>24,528</b>	<b>1,288</b>	<b>46,335</b>
<b>COST</b>				
Balance at 1 January 2019	3,361	180,149	22,421	205,931
Additions	15,775	28,581	3,403	47,758
Disposals	–	–	–	–
<b>Balance at 31 December 2019</b>	<b>19,136</b>	<b>208,730</b>	<b>25,824</b>	<b>253,689</b>
<b>AMORTISATION AND IMPAIRMENT</b>				
Balance at 1 January 2019	604	165,281	10,046	175,931
Disposals	–	–	–	–
Amortisation	599	6,235	9,230	16,064
<b>Balance at 31 December 2019</b>	<b>1,203</b>	<b>171,516</b>	<b>19,276</b>	<b>191,994</b>
<b>CARRYING AMOUNT AT 31 DECEMBER 2019</b>	<b>17,933</b>	<b>37,214</b>	<b>6,548</b>	<b>61,694</b>

	TRADEMARKS	SOFTWARE	WEBSITE	TOTAL
	\$	\$	\$	\$
<b>PHARMACY GUILD</b>				
<b>COST</b>				
Balance at 1 January 2020	12,826	16,325	4,927	34,078
Additions – purchased	2,900	2,596	–	5,496
<b>Balance at 31 December 2020</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 2020	1,098	1,213	4,927	7,238
Amortisation	1,452	7,463	–	8,915
<b>Balance at 31 December 2020</b>	<b>2,550</b>	<b>8,676</b>	<b>4,927</b>	<b>16,152</b>
<b>CARRYING AMOUNT AT 31 DECEMBER 2020</b>	<b>13,176</b>	<b>10,245</b>	<b>–</b>	<b>23,421</b>
<b>COST</b>				
Balance at 1 January 2019	3,361	–	4,927	8,288
Additions	9,465	16,325	–	25,790
Disposals	–	–	–	–
<b>Balance at 31 December 2019</b>	<b>12,826</b>	<b>16,325</b>	<b>4,927</b>	<b>34,078</b>
<b>AMORTISATION AND IMPAIRMENT</b>				
Balance at 1 January 2019	604	–	3,449	4,053
Disposals	–	–	–	–
Amortisation	494	1,213	1,478	3,185
<b>Balance at 31 December 2019</b>	<b>1,098</b>	<b>1,213</b>	<b>4,927</b>	<b>7,238</b>
<b>CARRYING AMOUNT AT 31 DECEMBER 2019</b>	<b>11,728</b>	<b>15,112</b>	<b>–</b>	<b>26,840</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:

	ASSETS		LIABILITIES		NET	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED</b>						
Employee benefits	(2,668)	(1,430)	–	–	(2,668)	(1,430)
Trade and other payables	(8,544)	(5,474)	–	–	(8,544)	(5,474)
Inventory obsolescence	(13,379)	(8,761)			(13,379)	(8,761)
Tax value of loss carry-forwards recognised	–	–	–	–	–	–
<b>Tax (assets) / liabilities</b>	<b>(24,591)</b>	<b>(15,665)</b>	<b>–</b>	<b>–</b>	<b>(24,591)</b>	<b>(15,665)</b>
Set off of tax						
<b>NET TAX (ASSETS) / LIABILITIES</b>	<b>(24,591)</b>	<b>(15,665)</b>	<b>–</b>	<b>–</b>	<b>(24,591)</b>	<b>(15,665)</b>
<b>PHARMACY GUILD</b>						
Employee benefits	(2,668)	(1,430)	–	–	(2,668)	(1,430)
Trade and other payables	(2,382)	(994)	–	–	(2,382)	(994)
Tax value of loss carry-forwards recognised	–	–	–	–	–	–
<b>Tax (assets) / liabilities</b>	<b>(5,050)</b>	<b>(2,424)</b>	<b>–</b>	<b>–</b>	<b>(5,050)</b>	<b>(2,424)</b>
Set off of tax						
<b>NET TAX (ASSETS) / LIABILITIES</b>	<b>(5,050)</b>	<b>(2,424)</b>	<b>–</b>	<b>–</b>	<b>(5,050)</b>	<b>(2,424)</b>

## Movement in temporary differences during the year

	BALANCE 1 JANUARY 2020	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE 31 DECEMBER 2020
<b>CONSOLIDATED</b>				
Employee benefits	1,430	1,238		2,668
Trade and other payables	5,474	3,070		8,544
Inventory obsolescence	8,761	4,618		13,379
	<b>15,664</b>	<b>8,926</b>	<b>-</b>	<b>24,591</b>

<b>PHARMACY GUILD</b>				
Employee benefits	1,430	1,238		2,668
Trade and other payables	994	1,388		2,382
	<b>2,424</b>	<b>2,625</b>	<b>-</b>	<b>5,050</b>

	BALANCE 1 JANUARY 2019	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE 31 DECEMBER 2019
<b>CONSOLIDATED</b>				
Employee benefits	2,656	(1,226)	-	1,430
Trade and other payables	5,379	95	-	5,474
Inventory obsolescence	8,688	73	-	8,761
	<b>16,723</b>	<b>(1,058)</b>	<b>-</b>	<b>15,665</b>

<b>PHARMACY GUILD</b>				
Employee benefits	2,656	(1,226)	-	1,430
Trade and other payables	1,179	(185)	-	994
	<b>2,656</b>	<b>(1,411)</b>	<b>-</b>	<b>2,424</b>

## 15. EMPLOYEE ENTITLEMENTS

	CONSOLIDATED		PHARMACY GUILD	
	2020	2019	2020	2019
	\$	\$	\$	\$
Accrued wages	(4,506)	(9,923)	(4,506)	(9,923)
Holiday pay accrual	94,023	61,267	94,023	61,267
<b>BALANCE AT END OF YEAR</b>	<b>89,517</b>	<b>51,344</b>	<b>89,517</b>	<b>51,344</b>

## 16. LEASES

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

	CONSOLIDATED		PHARMACY GUILD	
	2020	2019	2020	2019
	\$	\$	\$	\$
Less than one year	1,830	–	1,830	–
Between one and five years	5,490	–	5,490	–
Greater than five years	–	–	–	–
	<b>7,320</b>	<b>–</b>	<b>7,320</b>	<b>–</b>

## 17. GIFT VOUCHERS

	CONSOLIDATED 2020 \$	CONSOLIDATED 2019 \$
Opening Balance	275,095	419,000
Additional / reduced provision	(93,235)	(99,430)
	<b>181,860</b>	<b>319,570</b>
Gift voucher write off	(46,345)	(44,475)
<b>CLOSING BALANCE</b>	<b>135,515</b>	<b>275,095</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.

## 18. SUBSIDIARY COMPANY

### Pharmaceutical Services Limited

	2020	2019
	\$	\$
Sales	1,795,314	1,879,543
Profit before taxation	283,341	220,843
Tax expense	(85,636)	(62,430)
<b>Profit after tax</b>	<b>197,704</b>	<b>158,406</b>
Equity from prior year	803,809	645,403
Dividend paid	–	–
<b>SHAREHOLDER EQUITY</b>	<b>1,001,513</b>	<b>803,809</b>
<b>WORKING CAPITAL</b>		
Cash & deposits	377,139	438,145
Accounts Receivable	288,139	245,334
Inventory	334,248	439,128
Income Tax Receivable (Payable)	(40,383)	(30,225)
Investments	650,000	450,000
GST Receivable / (Payable)	(32,139)	(13,748)
Creditors	(462,891)	(485,133)
Unclaimed gift vouchers	(135,515)	(275,095)
	<b>978,598</b>	<b>768,406</b>
Intangibles	22,915	34,854
Property & Equipment	–	549
<b>NET ASSETS</b>	<b>1,001,513</b>	<b>803,809</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.

## 19. SPECIAL FUNDS

### Subsidiary operational fund \$675,176 (2019: \$471,171)

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

### Divisional fund \$631,287 (2019: \$611,859)

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:

	2020	2019
	\$	\$
Division funds – Northern	204,645	200,371
Division funds – Central	146,284	144,938
Division funds – Midland	108,193	102,950
Division funds – Canterbury	117,401	112,132
Division funds – Otago	54,765	51,468
	<b>631,287</b>	<b>611,859</b>

### Pharmacy information fund \$35,217 (2019: \$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 2020, no funds were spent. (2019: nil)

### Pharmacycare sale fund \$160,253 (2019: \$160,253)

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

During 2020, no funds were spent. (2019: nil)

### Pharmacy Xpo sale fund \$457,713 (2019: \$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 2020, no funds were spent. (2019: nil)

## 20. 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	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
<b>Loans and receivables</b>				
Cash and deposits	911,136	612,921	533,997	174,777
Short term investments	2,250,000	2,050,000	1,600,000	1,600,000
Receivables from exchange transactions	421,245	416,731	137,786	173,335
	<b>3,582,380</b>	<b>3,079,652</b>	<b>2,271,783</b>	<b>1,948,111</b>
<b>FINANCIAL LIABILITIES</b>				
<b>At amortised cost</b>				
Trade and other creditors	336,468	355,297	104,251	125,294
Employee entitlements	89,517	51,344	89,517	51,344
Provision for tax	52,742	55,943	12,359	25,718
	<b>478,727</b>	<b>462,584</b>	<b>206,128</b>	<b>202,356</b>

## 21. BOARD REMUNERATIONS

		REMUNERATION (HONORARIUMS / FEES / LOCUMS)	
		2020	2019
		\$	\$
G Blanchard**	President to June 2019	–	40,390
K Maxwell	Board Member (from November 2014)	740	5,800
A Roberts	Board Member (from June 2014), PSL Director (from June 2016)	2,202	6,373
C Monteith**	Board Member (from June 2015), Vice President from June 2016, President from June 2019	35,800	52,596
J Wright**	Board Member (to June 2020), PSL Director (to June 2020)	375	9,750
C Keenan**	Board member (from June 2016), Vice President (from June 2019)	3,020	11,029
S Heswall	Board Member (from June 2017)	3,000	4,200
D Bailey	Board Member (from June 2017)	2,666	3,373
J Westbury	Board member (from June 2019)	1,134	3,261
S Wu	Board Member (from June 2018)	2,029	5,111
S Yoo	Board Member (from June 2020)	2,055	–
G Perry	Board Member (from August 2020), PSL Director (from August 2020)	3,163	–
		<b>56,184</b>	<b>141,883</b>

\*\*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.

## 22. CASH FLOW INFORMATION

	CONSOLIDATED		PHARMACY GUILD	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Reconciliation of net profit (loss) to net cash from operating activities</b>				
Net profit / (loss)	342,449	277,643	138,443	118,877
<b>Non-cash flows in operating profit:</b>				
Depreciation	157,625	143,078	137,423	129,027
Gain on disposal of assets	–	–	–	–
Movement in income taxes payable	(3,201)	58,067	(13,359)	25,168
Movement in deferred taxes	(8,926)	1,057	(2,626)	1,411
<b>Changes in assets and liabilities:</b>				
(Increase) / Decrease in trade debtors, receivables and accrued income	92,879	(104,856)	131,194	(172,282)
(Increase) / Decrease in goods and services tax	26,396	(8,223)	8,006	(8,037)
(Increase) / Decrease in stock	111,191	(7,835)	6,312	(6,312)
(Increase) / Decrease in interentity current accounts	–	–	60,605	253,412
Increase / (Decrease) in payables and provisions	(22,298)	115,474	(56,169)	137,257
Increase / (Decrease) in gift vouchers	(139,580)	(143,905)	–	–
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>556,537</b>	<b>330,501</b>	<b>409,830</b>	<b>478,521</b>

## 23. COMMITMENTS

### Capital commitments

Neither the Group or the Parent had any capital commitments as at 31 December 2020. (2019: nil)

### Operating lease commitments

The parent, and therefore group, have an operating lease commitment of \$7,320 as at 31 December 2020 (2019: nil)

### Finance lease commitments

Neither the Group or the Parent had any finance lease commitments as at 31 December 2020. (2019: nil)

## 24. CONTINGENCIES

The Company and Group have no contingent liabilities or contingent assets at reporting date. (2019: nil)

## 25. 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.

# ANNUAL GENERAL *meeting minutes*

## **Zoom Video Conference**

16 June 2020, 6.30pm

### **ATTENDEES**

Andrew Gaudin	Des Bailey	Graeme Smith	Ken Orr
Anthony Roberts	Elena Rimbovska	James Westbury	Nancy Nasef
Cameron Monteith	Emma Houltham	John Morrison	Shane Heswall
Catherine Keenan	Graeme Blanchard	Kathy Maxwell	Stephen Yoo

### **Proxy's**

Dale Griffiths	<i>Westview Pharmacy, Zoom Care</i>
Glenn Mills	<i>Green Cross Health Partnership Stores</i>

### **Quorum**

A required quorum of twenty members was achieved.

### **1. WELCOME**

Guild President Cameron Monteith welcomed everyone to the 2020 AGM and thanked them for their attendance.

Cameron called for items of general business – there were no items of general business.

### **2. APOLOGIES**

Dale Griffiths	Glenn Mills	Ian Johnson	Lynette O'Brien	Marie Bennett	Shun Wu
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*That the apologies be accepted.*

**Cameron Monteith / Graeme Blanchard**

**CARRIED**

### 3. TIME TO REMEMBER DECEASED MEMBERS

Those present observed a moment of silence as a mark of respect to members of the Guild who had passed away during the year.

### 4. MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

The minutes of the 2019 annual general meeting were taken as read.

*That the minutes of the annual general meeting held on 11 June 2019 be accepted as a true and correct record of the meeting.*

**Cameron Monteith / James Westbury**  
**CARRIED**

### 5. MATTERS ARISING

Cameron Monteith called for matters arising that were not covered elsewhere on the agenda. There were no matters arising.

### 6. PRESIDENTS ADDRESS

Cameron Monteith spoke to his written Presidents report.

*That the President's report be accepted.*

**Cameron Monteith / Des Bailey**  
**CARRIED**

### 7. ANNUAL ACCOUNTS

Cameron Monteith moved that the Audited Accounts for the Pharmacy Guild of New Zealand (Inc) and Pharmaceutical Services Limited for the year ended 31 December 2019 be accepted.

**Cameron Monteith / James Westbury**  
**CARRIED**

### 8. APPOINTMENT OF AUDITORS

Cameron Monteith moved that RSM Hayes be reappointed as auditors for the coming year.

**Cameron Monteith / Catherine Keenan**  
**CARRIED**

### 9. SETTING OF GUILD FEES FOR THE COMING YEAR

Cameron Monteith moved that there be no changes to membership fees for the coming year.

**Cameron Monteith / James Westbury**  
**CARRIED**

### 10. APPOINTMENT OF REPRESENTATIVES

In accordance with Rule 15.1, the following representatives, as advised from the Electorates, are noted:

- Northern Electorate: Shane Heswall and Stephen Yoo who was welcomed as a new Board member
- Midland Electorate Cameron Monteith and Catherine Keenan
- Central Electorate: Anthony Roberts and James Westbury
- Southern Electorate: Des Bailey and Shun-Yu Wu.

The appointment of Glenn Mills as a co-opted Board member is noted as ongoing. Rhiannon Braund continues on the Board as a non-voting reciprocal Board member with the Pharmaceutical Society.

**Cameron Monteith / Des Bailey**  
**CARRIED**

### 11. ELECTION OF PRESIDENT AND VICE PRESIDENT

In accordance with Rule 17.1, the President announced that the Board of Directors had elected Cameron Monteith as President and Catherine Keenan as Vice President.

### 12. FAREWELL TO KATHY MAXWELL

Cameron Monteith thanked Kathy Maxwell for her service on the Board. Kathy thanked Cameron for his kind words.

### 13. GENERAL BUSINESS

Cameron thanked the headquarters staff for their hard work in supporting members during the Covid-19 lockdown period. On behalf of the Board Cameron also acknowledged that all pharmacies stood up and performed well to support their communities during the pandemic.

### 14. CLOSE OF MEETING

The meeting concluded at 7.15pm. Cameron thanked the Board again for their support and leadership.

**Confirmed as true and correct:**



**Cameron Monteith**  
**PRESIDENT**



**Pharmacy Guild Of New Zealand (Inc)**

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