PHARMACY GUILD
OF NEW ZEALAND

Annual Report 2024

Dedicated to member pharmacies

CONTENTS:

President's report

2024 was another busy, and challenging year for members, with increased dispensing activity, ongoing workforce shortages, continued supply chain pressures – particularly with Oestradiol patches, the introduction of Continuous Glucose Monitors, and funding constraints. The year also saw opportunities with reclassifications and new benefits introduced for members.

Childhood immunisations

In March 2024, Health New Zealand (HNZ) and Pharmac decided to allow community pharmacies to provide funded childhood immunisations to children from six weeks old. Pharmacist vaccinators were required to become Authorised Vaccinators to vaccinate this new, younger age group. Pharmacy premises were also required to be approved.

We welcomed the announcement as it would increase vaccination sites and improve childhood immunisation rates. It is a great acknowledgement of the work community pharmacy has done to lift vaccination rates.

Pharmac removed restrictions for vaccines on the national immunisation schedule. This allowed pharmacies to order these vaccines at no cost and claim for administering the Infanrix-hexa, Infanrix-IPV, Hiberix, Prevenar 13, Varivax, and Rotarix vaccinations.

Because the service was so new, the process of a pharmacy being signed off to provide childhood vaccinations could vary between regions. To give childhood immunisations, pharmacies are required to have public access to a toilet, a baby change table, scales to weigh to a baby, and a plan in place for babies not registered with a GP to enable follow-up immunisations and care.

Introduction of bi-monthly member webinars

To ensure members receive regular updates on our advocacy activities, we introduced regular bi-monthly webinars throughout the year, following Guild board meetings, beginning in April.

These webinars gave us an opportunity to update members on key advocacy priorities, such as co-payment policy settings, pending legislative and regulatory changes, workforce pressures, and allowed members to ask questions. They also covered other key sector changes and updates.

Australasian Pharmacy

In May we introduced a new publication, *Australasian Pharmacy*, produced together with our colleagues at the Pharmacy Guild of Australia. This replaced *T&A Topics* and is sent bi-monthly alongside *Contact* magazine.

Australasian Pharmacy provides business and clinical content for community pharmacy owners in New Zealand and Australia.

The Guild HQ team work with the Australian team to ensure useful content relevant to our members is included and to share updates on the New Zealand market of interest to our Australian colleagues.

We hope that the similarities and differences in our pharmacy practice inspire and challenge pharmacy owners on both sides of the Tasman.

Covid-19 funding changes

We were notified that funding for Covid-19 services was changing from 1 July 2024, with several existing service lines discontinued and funding for remaining service lines being significantly reduced.

We asked HNZ to urgently review their new funding model, to maintain access to Paxlovid. We asked that HNZ consider factors including the time taken to dispense a Paxlovid prescription, the complexity of Paxlovid dispensing and the likely increase in GP and ED presentations.

HNZ unfortunately did not change the funding model or provide any increase in funding. We were clear that it is up to each pharmacy to decide whether they can continue to provide the service safely and viably.

Pseudoephedrine reclassification

We were supportive of changes to increase access to cold and flu medicines following the reclassification of pseudoephedrine-containing products in April, and the recognition of pharmacists' key oversight role in their supply.

However, we recognised the concerns of members and their staff about the potential security risks of storing and selling pseudoephedrine-containing products.

The Guild HQ team had significant queries from members about their obligations, given the length of time since we were previously able to sell these products without a prescription.

We developed guidance that included storage, sales and recording requirements, clinical considerations, safety and security measures, and useful resources/links.

The government did not believe there was a need for a programme to monitor the sales of pseudoephedrine-containing products and it is not a legal requirement for pharmacists to check if a person has purchased pseudoephedrine-containing products elsewhere or check photo ID.

It is not compulsory for community pharmacies to stock or sell pseudoephedrine-containing products.

MoU with Pharmacy Guild of Australia

Both Guilds share a common interest and commitment to community pharmacy, aiming to provide accessible and better health outcomes for patients in New Zealand and Australia.

We recognised that our combined capabilities would better enable us to develop and offer solutions to members, patients, governments, and stakeholders in our respective jurisdictions.

We agreed a Memorandum of Understanding (MoU) in October to provide a formal framework for us to work collaboratively to identify and explore opportunities and achieve outcomes that are beneficial for members of both Guild's.

As part of our ongoing formal relationship, we have agreed to work together and share information on advocacy efforts and government relations, funding proposals, pharmacy regulation, scope of practice initiatives, quality use of medicines, clinical governance, and health service delivery programmes.

We will also share documents, including policy documents and position statements. And perhaps most importantly to members, we will work together to share and develop relevant member offerings and partnership opportunities.

Access to CPD

In December, we were pleased to announce that your Guild membership now included complimentary membership of the Australasian College of Pharmacy. This allows pharmacist owners to complete hundreds of CPD activities and learn about new service developments to offer additional user pays services to your customers.

We can offer members complimentary access to the College thanks to our MoU with the Pharmacy Guild of Australia.

The College is a leading education and training provider for community pharmacy in Australia. Their priority is to support the community pharmacy sector by providing access to up-to-date and valuable education and training.

While the current training has been designed for Australian pharmacy staff, it is relevant for New Zealand too. We are working with the College team to ensure all training is applicable for New Zealand pharmacists, however this will take time.

Constitution changes

Legislation changes mean all Incorporated Societies (including the Guild) must re-register by 5 April 2026 and meet a new set of rules. This created an opportunity to consider broader strategic changes to the governance of the Guild, based on expert legal advice.

The Board primarily considered board composition, structure and practicalities. As a result, the Board proposed a range of changes to the Constitution, including a new purpose statement, a move to a fully appointed board, a change in board size and board tenure.

These proposed changes were initially considered by members during road shows in November 2024. Further member engagement on proposed Constitution changes will take place in 2025 and before members vote on final proposed Constitution changes.

Thank you to members for their ongoing support. Thanks also to our Board for their tireless commitment to the Guild and community pharmacy sector, and to our hard-working Guild HQ team for their dedication to supporting members.

KESH NAIDOO-RAUF
President

Chief Executive's report

2024 was another year with big policy changes, with the re-introduction of co-payments for some patients, changes to effective control principles, and starting the development of legislation to replace the Medicines Act. ICPSA Variation 6 was also one of the more fraught contract discussions in many years.

Ongoing contact with the Minister of Health and his advisors

This included two formal meetings with the Minister on 22 February and 4 December.

Key topics discussed in February included the planned introduction of targeted co-payments – we noted our strong preference for universal co-payment removal – and raised the need to address policy consequences and implementation challenges, including eligibility criteria, clinical focus, administration burden, and sustainability. The Minister acknowledged this.

We also discussed the community pharmacy workforce crisis, sustaining core pharmacy dispensing and services (cost pressures) and the value of a nationwide minor ailments service.

In December we focussed on HNZ's unsatisfactory approach to the ICPSA national annual agreement review for 2024, highlighting HNZ's failure to consider reasonable cost pressure adjustments and their inconsistent and unfair approach to cost pressure recognition between healthcare providers. The Minister acknowledged this was a reasonable concern.

ICPSA Variation 6

Variation 6 is forecast to deliver 7.81%, or $57.8 million, in additional sector funding. A 2.51% ($19.51 million) funding uplift for cost pressures is being paid through service lines, and $14.068 million currently paid through the APAS (Schedule 2) payment pool is being redistributed to increase funding for service lines.

We did everything we could to get members the best possible outcome from NAAR 2024.

Our key actions included escalating our concerns around HNZ's actions with the Minister's political advisor, developing a balanced and pragmatic way forward to address these key concerns with a counter-proposal, and using the escalatory provisions within the NAAR Terms of Reference to provide contestable 'provider-representative' advice to HNZ for final decision-making by the HNZ Commissioner.

As part of the Variation 6 letter of offer, in response to our escalation letter, HNZ agreed to enter discussions with us about surcharging, work on developing a funded nationwide minor health conditions service, and update the independent reviews on community pharmacy sustainable funding and wage cost pressure issues as part of their workplans by June 2025.

Workforce survey and Health Workforce Plan

To help the HNZ Workforce Team accurately reflect the workforce pressures community pharmacy is experiencing, we ran a survey in April asking pharmacies to share information on current staff vacancies.

Anonymised survey data was shared with HNZ so it could be included in the updated 2024 Health Workforce Plan. This would mean community pharmacy workforce shortages were acknowledged alongside others in the health sector.

HNZ released the 2024 Health Workforce Plan in December. Analysis for the pharmacy profession included figures for current pharmacist and technician vacancies, based on the survey data we supplied.

We also had the opportunity to comment on the pharmacy profession analysis prior to its release and ensured that the commentary included mention of pay rates, not just making better use of pharmacists' skills and supporting all pharmacy staff working at the top of their scope.

Medical Products Bill

The government announced in May that it would repeal the Therapeutic Products Act (TPA), this took place in December.

During 2024, the government issued drafting instructions for the new Bill, focused on the idea that regulation should be proportionate to benefits and risks, and support timely access to medical products.

We met with the policy leads for the Bill in December to discuss pharmacy ownership restrictions. Officials noted that there was not yet a current government policy position on majority pharmacist ownership, the limit of five pharmacies or restriction on prescribers. A Cabinet paper in March 2025 will seek approval on the regulation of pharmacies.

Co-payment re-introduction

The $5 co-payment was reinstated for prescriptions from approved providers in July, with exemptions for children aged under 14, people aged 65 and over, and Community Service Card (CSC) holders and their dependents.

The introduction of targeted co-payments posed administrative challenges for community pharmacies. Pharmacies needed to address eligibility verification, and impacts on workflow, finances, and inventory.

We developed guidance for members that covered exempt population groups, understanding how many of your patients may be exempt, claiming for prescription items already dispensed, resources and promotion, impact on workflow and service delivery, IT changes, staff procedures and training, financial management, impact on inventory and stock management, and service user categories and codes.

We encouraged members to use social media, display posters, provide written information, and send email or text campaigns to help inform patients about the changes and assist patients in applying for the necessary exemption cards.

We also developed a range of promotional resources available to members including posters, show cards and tear-off pads.

Changes to effective control principles

Following the High Court decision, Medsafe released new effective control principles and guidance in July.

Our lawyers wrote to Medsafe to highlight our concerns about the lack of clarity on the principles, noting that we wanted to ensure that the principles can be met with minimal administrative burden and without unnecessary legal requirements on, and costs for, community pharmacy owners.

As a result of this, Medsafe amended its guidance and made it clear that positive control is needed at both the shareholder and board director level of a pharmacy company. This means that the same pharmacist/s with majority shareholding of the company must also be represented on the Board, to ensure effective control is maintained 'at all times'. They also clarified that two director companies (where one of the directors is not a pharmacist) are allowed, as long as they are structured to ensure the pharmacist director has effective control.

We are interested to see how Medsafe will assess this for businesses in which pharmacist/s hold majority shareholding across several pharmacies.

Proposal to increase prescribing duration

The Ministry of Health requested feedback on a proposal to increase prescription duration from 3 to 12 months for patients on long-term, stable medicines.

We responded to this proposal on behalf of members in October, raising a range of concerning risks, particularly adverse financial risks for community pharmacy, risks around medicine management and patient care, and adverse fiscal impacts.

We detailed the proposals impacts on community pharmacy including adverse financial impacts (with analysis demonstrating a $24.6 million annual fee reduction), inability for community pharmacy to surcharge to make up the shortfall, need for additional funded pharmacy services given less general practice oversight, risk of medicine mismanagement, and increased workload for pharmacies.

We also noted the short response timeframe, impacts on patients, the supply chain, and prescribers, government policy considerations and asked several outstanding questions – most importantly, that it is not clear what problem this proposed policy is trying to solve.

We thank members for their continued support and look forward to continuing to deliver for you in 2025.

ANDREW GAUDIN
Chief Executive

Consolidated financial report

Statement of Responsibility
For the year ended 31 December 2024

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 30.

The Board of Directors is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance of 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 gives a true and fair view of the charitable outputs of the Guild for the financial year ended 31 December 2024
- the statement of comprehensive revenue and expenses gives a true and fair view of the surplus of the Guild for the financial year ended 31 December 2024
- the statement of cash flow gives a true and fair view of the cash flows of the Guild for the financial year ended 31 December 2024
- the statement of financial position gives a true and fair view of the state of affairs of the Guild as at 31 December 2024
- there are reasonable grounds to believe that the Guild will be able to pay its debts as and when they fall due.

KESH NAIDOO-RAUF
President

Consolidated statement of service performance

Our purpose

We exist to support and advance the business and professional needs of community pharmacy.

What we do

We provide support and services to community pharmacy owners and are committed to ensuring members realise their professional and financial potential in today's challenging business environment.

Guild members enjoy access to a wide range of services and support designed to help them run their businesses successfully.

Representation

$117,181 spent in 2024 ($88,378 in 2023)

We represent members in discussions about funding and service development, including the Integrated Community Pharmacy Agreement (ICPSA), as well as other pending legislative, regulatory and policy change discussions. We are equipped with the funds, capacity, expertise and relationships throughout the sector to do this effectively.

Advocacy

$124,368 spent in 2024 ($144,533 in 2023)

A core component of our work involves influencing politicians and key decision-makers to improve the position of community pharmacy. Current key priorities are addressing sector viability and workforce sustainability concerns.

Personalised advice

$37,048 spent in 2024 ($53,715 in 2023)

Our team provides a range of member support, with practice, business, and audit queries received via phone and email. Queries cover dispensing processes, claiming, the Pharmaceutical Schedule, the ICPSA and funding. Members can also receive personalised advice from external experts via our HR advice line and legal advice line.

Member tools and resources

$192,644 spent in 2024 ($159,661 in 2023)

Members have access to a huge range of tools and resources, with new benefits added each year. Key benefits include access to online resources needed for audit such as Micromedex and the Pregnancy and Breastfeeding Medicines Guide, employment and HR templates and policies, regular updates, and pharmacy practice resources and guides to help members with the everchanging requirements.

Note, the total spend of $471,241 ($446,287 in 2023) in the four categories above is included in the promotion, advocacy and negotiation expenses, which total $1,197,607 ($1,165,775 in 2023) in the financial statements. This combined total includes the cost of staff time to deliver representation, advocacy, advice and resources.

Key activities in 2024 included:

	2024	2023
Member queries *(personalised advice)*		
Practice and audit queries	495	296
Contract and funding queries	140	59
HR advice line queries	76	97
Member publications *(member tools and resources)*		
Electronic newsletters and hardcopy publications	66	67
Event attendees *(member tools and resources)*		
Attendees at in-person events and webinars	236	198
Submissions *(advocacy, representation)*		
Submissions on community pharmacy sector issues	31	33

Pharmaceutical Services Limited (PSL)

PSL exists solely to make a profit to fund Guild activities and lower membership fees. PSL achieved a profit after tax of $259,446 in 2024 ($238,973 in 2023). This helped keep membership fees unchanged.

Consolidated financial statements

Consolidated Statement of Comprehensive Revenue and Expenses
For the year ended 31 December 2024

	Note	2024	2023
		$	$
Revenue from exchange transactions			
Members' subscriptions		1,448,647	1,535,755
Interest		199,580	199,972
Rent		191,760	167,254
Sale of goods		838,265	959,779
Pharmacode		306,925	284,950
Other income	5	330,789	305,843
Total revenue		**3,315,966**	**3,453,551**
Expenses	6		
Cost of goods sold		770,504	881,717
Advocacy and negotiation		639,048	618,529
Board		207,363	230,834
Promotion		558,559	547,246
Training		3,874	4,052
Administration		1,108,335	1,153,609
Total expenses		**3,287,682**	**3,435,987**
Total comprehensive revenue and expense before income tax		**28,284**	**17,564**
Income tax expense	7	103,388	103,193
Total comprehensive revenue and expense after income tax		**(75,104)**	**(85,629)**

Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

	Note	Accumulated Revenue and Expense $	Subsidiary Operational Fund $	Divisional Fund $	Guild Special Funds $	Total $
Equity at 1 January 2023		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	16	–	–	–	–	–
Total comprehensive revenue and expense		**(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**
Profit/(Loss) for the year		(374,809)	278,664	21,040	–	(75,104)
Use of special purpose funds	16	110,480	–	–	(110,480)	–
Total comprehensive revenue and expense		**(264,329)**	**278,664**	**21,040**	**(110,480)**	**(75,104)**
Equity at 31 December 2024		**1,955,510**	**1,648,460**	**714,775**	**542,703**	**4,861,447**

Consolidated Statement of Financial Position
As at 31 December 2024

	Note	2024 $	2023 $
Assets			
Cash and cash equivalents	8	337,748	60,354
Trade and other receivables		289,624	240,117
Sundry debtors and prepayments		171,936	366,873
Inventories	9	25,075	15,714
Short term investments		3,450,000	3,559,080
GST receivable		–	19,330
Deferred tax	13	(1,498)	4,435
Total current assets		**4,272,885**	**4,265,902**
Property, plant and equipment	11	849,655	947,199
Intangible assets	12	32,126	61,617
Lease incentive asset		42,357	16,512
Loans to other entities	14	40,000	40,000
Total non-current assets		**964,138**	**1,065,328**
Total Assets		**5,237,023**	**5,331,230**
Liabilities			
Trade and other payables		235,834	252,097
Employee entitlements	15	115,332	92,146
Provision for tax		22,958	50,439
GST payable		1,456	–
Total current liabilities		**375,580**	**394,682**
Net Assets		**4,861,447**	**4,936,551**
Equity			
Retained surplus		1,955,510	2,219,839
Subsidiary operational fund	16	1,648,460	1,369,796
Divisional fund	16	714,775	693,735
Guild special funds	16	542,703	653,183
Total Equity		**4,861,447**	**4,936,551**

For and on behalf of the board: 23 May 2025

KESH NAIDOO-RAUF
President

BROOKE MCKAY
Vice President

Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts			
Subscriptions, ownership levy & other income		3,221,795	3,042,874
Interest received		206,471	199,971
		3,428,266	**3,242,845**
Payments			
Payments to suppliers and employees		(3,135,827)	(3,235,578)
Income tax paid		(124,937)	(84,077)
		(3,260,764)	(3,319,655)
Net cash from / (used in) operating activities		**167,502**	**(76,811)**
Cash flows from investing activities			
Receipts			
Sale of short term investments		116,366	–
		116,366	–
Payments			
Purchase of plant & equipment		(6,473)	(68,555)
Purchase of short term investments		–	(1,304,243)
		(6,473)	**(1,372,798)**
Net cash flows from / (used in) investing activities		**109,893**	**(1,372,798)**
Net cash flows from / (used in) financing activities		**–**	**–**
Net increase (decrease) in cash and cash equivalents		277,395	(1,449,608)
Cash & cash equivalents at the beginning of the period		60,354	1,509,962
Cash & cash equivalents at the end of the period	8	**337,748**	**60,354**

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

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 registered under the Incorporated Societies Act 1908.

The financial report presented here is for the consolidated group of Pharmacy Guild of New Zealand Inc (the Society) and its 100% owned subsidiary, Pharmaceutical Services Limited for the year to 31 December 2024, together referred to as the Group.

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

2. Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The consolidated financial statements comply with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (PBE IPSAS RDR) 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 Reduced Disclosure Regime 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 consolidated financial statements as set out below have been applied consistently to both years presented in these consolidated financial statements.

4.1 Basis of measurement

These consolidated financial statements have been prepared on the basis of historical cost.

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.

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. These are measured at amortised cost.

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, measured at amortised cost.

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 17 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 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:

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.

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. We have not reported on the activities of PSL, given PSL exists solely to make a profit to fund Guild activities and lower the cost of Guild membership fees.

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

	2024 $	2023 $
Miscellaneous income	95,919	84,348
Other income	37,120	37,120
Rendering of services	84,712	72,047
Sponsorship	18,000	18,000
Subscriptions	95,039	94,327
Total other income	**330,789**	**305,843**

6. Expenses

	2024 $	2023 $
Includes the following		
Audit fees	40,000	36,000
Bad debts	8,956	21,373
Board fees	36,910	31,454
Board support costs	170,452	199,380
Depreciation and amortisation	133,508	136,447
Staff costs	996,267	1,032,073

7. Income Tax

	2024	2023
	$	$
Operating surplus before taxation	28,284	17,564
Non-assessable income	(1,567,874)	(1,535,755)
Non-deductible expenses	1,887,647	1,879,225
Assessible surplus	**348,057**	**361,034**
Tax on assessible surplus	97,455	101,089
Movement in Temporary differences	5,933	3,053
Income tax expense	**103,388**	**104,142**
The income tax expense is represented by:		
Current tax		
Current tax	97,455	100,140
	97,455	**100,140**
Deferred tax		
Origination and reversal of temporary differences	5,933	3,053
	5,933	**3,053**
Income tax expense	**103,388**	**103,193**

The Group's income tax rate is 28%.

The Group is engaged in both taxable and non-taxable activities.

Member related activities 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.

8. Cash and cash equivalents

	2024 $	2023 $
Cash at bank	230,534	50,893
Short term deposits	107,214	9,461
	337,748	**60,355**

9. Inventories

	2024 $	2023 $
Finished goods and goods for resale	25,075	15,714
	25,075	**15,714**

A Provision for Obsolete Stock of $2,881 (2023: $1,589) is maintained, being the portion of stock not expected to sell that will become obsolete.

MCC Albany Ltd holds an ongoing PPSR entry over monies owed by Pharmaceutical Services Limited in the normal course of business. At 31 December 2024, the relevant Accounts Payable balance of monies owed was $17,989 including GST to MCC Albany Limited. This liability was paid as per the usual terms of trade by 20 January 2025.

10. Related parties

During the year, the group entered into the following transactions with related parties who are not members of the group.

	2024 $	2023 $
Sale of goods		
Alquimia Limited*	–	14,238
Waikanae Pharmacy 2012 Limited**	15,440	17,984
Total Sale of goods	**15,440**	**32,222**
Amount owed by other related parties		
Alquimia Limited*	-	(45)
Waikanae Pharmacy 2012 Limited**	2,984	943
Total Amount owed by other related parties	**2,984**	**898**

** One of the group companys' director was also a director and a shareholder of Alquimia Limited (resigned 20 June 2023)*

***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:

	2024 $	2023 $
	587,136	560,373
Total remuneration (3.0 FTE, 2023: 3)	**587,136**	**560,373**

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 (2023: 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.

11. Property, plant and equipment

	Land	Buildings & Building Refurbishments	Office Alterations	Furniture	Computers	Total
	$	$	$	$	$	$
Cost						
Balance at 1 January 2024	165,871	2,312,257	446,706	258,870	188,914	3,372,618
Disposals	–	–	–	(25,001)	(52,749)	(77,750)
Balance at 31 December 2024	**165,871**	**2,312,257**	**446,706**	**233,869**	**136,165**	**3,294,868**
Depreciation						
Balance at 1 January 2024	–	1,559,232	442,955	247,561	175,669	2,425,417
Disposals	–	–	–	(25,001)	(52,749)	(77,750)
Depreciation	–	86,683	1,136	2,405	7,323	97,547
Balance at 31 December 2024	**–**	**1,645,915**	**444,091**	**224,966**	**130,243**	**2,445,214**
Carrying amount at 31 December 2024	**165,871**	**666,342**	**2,616**	**8,904**	**5,922**	**849,655**

	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**

12. Intangible assets

	Trademarks $	Software $	Website $	Total $
Cost				
Balance at 1 January 2024	24,586	285,541	33,824	343,951
Additions – purchased	–	6,470	–	6,470
Disposals	–	(40,380)	–	(40,380)
Balance at 31 December 2024	**24,586**	**251,631**	**33,824**	**310,040**
Amortisation and impairment				
Balance at 1 January 2024	13,336	242,642	26,357	282,335
Disposals	–	(40,380)	–	(40,380)
Amortisation	2,984	29,777	3,200	35,961
Balance at 31 December 2024	**16,320**	**232,039**	**29,557**	**277,916**
Carrying amount at 31 December 2024	**8,266**	**19,592**	**4,267**	**32,126**

Consolidated	Trademarks $	Software $	Website $	Total $
Cost				
Balance at 1 January 2023	24,586	257,266	25,824	307,676
Additions	–	28,275	8,000	36,275
Disposals	–	–	–	–
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
Disposals	–	–	–	–
Amortisation	3,090	24,793	533	28,416
Balance at 31 December 2023	**13,336**	**242,642**	**26,357**	**282,335**
Carrying amount at 31 December 2023	**11,250**	**42,899**	**7,467**	**61,617**

Amortisation of intangible assets is recognised within administration in the consolidated statement of comprehensive revenue and expenses.

13. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2024 $	2023 $	Liabilities 2024 $	2023 $	Net 2024 $	2023 $
Employee benefits	(992)	(954)	–	–	(992)	(954)
Trade and other payables	(4,734)	(7,659)	–	–	(4,734)	(7,659)
Inventory obsolescence	(807)	(445)	–	–	(807)	(445)
Non-taxable depreication	(3,831)	–	–	–	(3,831)	–
Lease Incentive Asset	–	–	(11,860)	(4,623)	11,860	4,623
Tax (assets) / liabilities	**(10,364)**	**(9,058)**	**(11,860)**	**(4,623)**	**1,498**	**(4,435)**
Set off of tax						
Net tax (assets) / liabilities	**(10,364)**	**(9,058)**	**(11,860)**	**(4,623)**	**1,498**	**(4,435)**

Movement in temporary differences during the year.

	Balance 1 January 2024 $	Recognised in income $	Recognised in equity $	Balance 31 December 2024 $
Employee benefits	954	37	–	992
Trade and other payables	7,659	(2,925)	–	4,734
Inventory obsolescence	445	362	–	807
Non-taxable Depreciation	–	3,831	–	3,831
Lease Incentive Asset	(4,623)	(7,237)	–	(11,860)
	4,435	**(5,933)**	**–**	**(1,498)**

	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	–	–	445
Lease Incentive Asset	–	(4,623)	–	(4,623)
	8,437	**(4,002)**	**–**	**4,435**

14. Loans to other entities

	2024 $	2023 $
NZ Independent Community Pharmacy Group Inc	40,000	40,000

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

Currently, the case has been appealed to the Court of Appeal for decision, expecting decision around June 2025.

15. Employee entitlements

	2024 $	2023 $
Accrued wages	7,281	–
Holiday pay accrual	108,051	92,146
Balance at end of year	**115,332**	**92,146**

16. Special funds

Subsidiary operational fund $1,648,460 (2023: $1,368,846)

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

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:

	2024 $	2023 $
Division funds – Northern	228,705	224,415
Division funds – Central	162,628	158,328
Division funds – Midland	123,595	118,425
Division funds – Canterbury	137,733	133,333
Division funds – Otago	62,114	59,234
	714,775	**693,735**

Pharmacy information fund $35,217 (2023: $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 2017, funds of $60,728 of this fund was spent on issues around medicine margin surcharging funding policy and practice, and $76,518 of current and prior year expenditure was recovered, resulting in an increase during 2017 in the Pharmacy Information Fund of $15,790. (2016: expenditure $54,200).

During 2024, no funds were spent. (2023: nil).

Pharmacycare sale fund $160,253 (2023: $160,253)

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

During 2017, $21,000 of this fund was spent towards promotion of community pharmacy, on advice relating to proposed pharmacy ownership policy, legislative, and regulatory changes. (2016: $29,538).

During 2024, no funds were spent. (2023: nil).

Pharmacy Xpo sale fund $347,233 (2023: $457,713)

In 2001 the Group sold the rights to Pharmacy Xpo for the sum of $400,000. This fund is held to cover contingency and special projects.

During 2024, $110,480 were spent on on the Judicial Review, prior to the appeal of the effective control ruling being abandoned by Woolworths Pharmacy. (2023: nil).

17. Categories of financial assets and liabilities

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

	2024 $	2023 $
Financial assets		
At amortised cost		
Cash and deposits	337,748	60,354
Short term investments	3,450,000	3,559,080
Loan receivable	40,000	40,000
Receivables from exchange transactions	289,624	240,117
	4,117,372	**3,899,551**
Financial liabilities		
At amortised cost		
Trade and other creditors	235,834	252,097
	235,834	**252,097**

18. Board remunerations

		Remuneration (Honorariums / Fees / Locums) 2024 $	2023 $
S Heswall	Board Member (June 2017 – Current)	3,167	5,793
D Bailey	Board Member (June 2017 – Current) President (September 2021 – June 2024)	19,739	35,474
J Westbury	Board Member (June 2018 – Current) PSL Director (March 2023 – Current)	–	6,550
G Mills*	Board Member (June 2019 – Current) PSL Director (March 2023 – Current)	56,383	57,780
S Yoo	Board Member (June 2020 – June 2023) PSL Director (February 2022 – June 2023)	–	2,200
K Naidoo-Rauf	Board Member (February 2022 – Current) Vice President (June 2022 – June 2024) President (June 2024 – Current)	22,012	8,863
B McKay*	Board Member (June 2022 – Current) Vice President (June 2024 – Current)	5,950	5,910
P Larson	Board Member (June 2022 – June 2024)	900	7,447
V Chan	Board Member (June 2023 – Current)	4,350	3,600
C Schimanski	Board Member (June 2023 – Current)	2,950	4,700
M Morley-Bunker	Board Member (June 2024 – Current)	1,670	-
		117,121	**138,316**

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

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

19. Commitments

Capital commitments

The Group had no capital commitments as at 31 December 2024 (2023: nil).

Operating lease commitments

The Group had no operating lease commitment as at 31 December 2024 (2023: $1,830).

Finance lease commitments

The Group had no finance lease commitments as at 31 December 2024 (2023: nil).

20. Contingencies

The Group had no contingent liabilities or contingent assets at reporting date. (2023: nil).

21. Events after the reporting date

Subsequent to the balance date, the Board has approved to commence the process for potential sale of the building. The carrying value of the building is $832,213 at 31 December 2024 (refer to note 11. Property, plant and equipment – Land and Buildings & Buildings Refurbishments).

Besides the item disclosed above, 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.

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 on pages 9 to 28, and the consolidated service performance information on page 8.

The complete set of consolidated financial statements comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

- The consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance, and its consolidated cash flows for the year then ended; and
- the consolidated service performance for the year ended 31 December 2024 in accordance with the entity's service performance criteria,

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

Basis for opinion

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

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Other information

The Board of Directors are responsible for the other information. The other information comprises the President's report, the Chief Executive's report, and the Statement Responsibility on pages 3 to 7 (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 of Directors for the consolidated financial report

The Board of Directors 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 of Directors 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 of Directors 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 of Directors 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 the Group and its members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM

RSM Hayes Audit
Auckland

23 May 2025

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OF NEW ZEALAND

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