

# **Pharmacy Council of New Zealand**

Financial Report  
For the year ended  
30 June 2020

**Pharmacy Council of New Zealand**  
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**For the year ended 30 June 2020**

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**Pharmacy Council of New Zealand**  
**Statement of Comprehensive Revenue and Expense**  
**For the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Revenue from non-exchange transactions</b>			
Annual Practising Certificate fees	6	2,355,821	2,502,454
Disciplinary levies		353,696	349,724
Disciplinary recoveries		24,224	53,818
		<u>2,733,741</u>	<u>2,905,996</u>
<b>Revenue from exchange transactions</b>			
Registration fees		44,727	37,383
Non-Practising fees		77,463	82,129
Overseas pharmacist fees		14,400	43,424
Other fees	7	19,043	171,566
Interest income		53,208	56,077
Credit card recoveries		41,313	39,789
Other income	8	1,882	100,677
		<u>252,035</u>	<u>531,045</u>
<b>Total revenue</b>		<u><b>2,985,777</b></u>	<u><b>3,437,040</b></u>
<b>Expenses</b>			
Registration and discipline	9	394,786	575,687
Review & Development		303,561	353,488
Governance		221,242	171,235
Stakeholder Engagement		99,000	85,207
Operating and administration	10	1,969,007	2,517,030
<b>Total expenses</b>		<u><b>2,987,595</b></u>	<u><b>3,702,646</b></u>
<b>Total (deficit) / surplus for the year</b>		<u><b>(1,819)</b></u>	<u><b>(265,606)</b></u>
Other Comprehensive Income		-	-
<b>Total Comprehensive revenue and expense for the year</b>		<u><u><b>(1,819)</b></u></u>	<u><u><b>(265,606)</b></u></u>



**Pharmacy Council of New Zealand**  
**Statement of Changes in Net Assets**  
**For the year ended 30 June 2020**

	Accumulated comprehensive revenue and expense \$	Total \$
<b>Balance at 1 July 2018</b>	2,603,644	2,603,644
Surplus for the year	(265,606)	(265,606)
Other comprehensive income	-	-
<b>Balance at 30 June 2019</b>	<b>2,338,038</b>	<b>2,338,038</b>
Surplus for the year	(1,819)	(1,819)
Other comprehensive income	-	-
<b>Balance at 30 June 2020</b>	<b>2,336,220</b>	<b>2,336,220</b>



**Pharmacy Council of New Zealand**  
**Statement of Financial Position**  
**As at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	12	273,419	323,693
Investments	13	2,700,000	2,250,000
Receivables from non-exchange transactions		66,904	58,724
Provision for doubtful debts		(46,555)	-
Prepayments and other receivables		79,040	51,474
		<u>3,072,807</u>	<u>2,683,892</u>
<b>Non-Current Assets</b>			
Intangible assets	14	145,373	263,195
Property, plant and equipment	15	52,113	54,915
Work in progress	16	93,051	38,997
		<u>290,536</u>	<u>357,107</u>
<b>Total Assets</b>		<u><b>3,363,344</b></u>	<u><b>3,040,998</b></u>
<b>Current Liabilities</b>			
Accounts payable		135,747	75,643
Other payables and accruals		373,588	69,056
Employee entitlements		120,153	101,566
Provision for onerous lease	23	86,110	83,365
		<u>715,598</u>	<u>329,630</u>
<b>Non-Current Liabilities</b>			
Provision for onerous lease	23	311,526	373,330
		<u>311,526</u>	<u>373,330</u>
<b>Total Liabilities</b>		<u><b>1,027,124</b></u>	<u><b>702,960</b></u>
<b>Net Assets</b>		<u><b>2,336,220</b></u>	<u><b>2,338,038</b></u>
<b>EQUITY</b>			
Accumulated comprehensive revenue and expense	20	2,336,220	2,338,038
<b>TOTAL EQUITY</b>		<u><b>2,336,220</b></u>	<u><b>2,338,038</b></u>

Signed for and on behalf of the Council Members who authorised these financial statements for issue on 22 September 2020:



Chair of Council



Chief Executive



**Pharmacy Council of New Zealand**  
**Statement of Cash Flows**  
**For the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
<i>Receipts</i>			
Receipts from APC fees		2,355,821	2,502,454
Receipts from Disciplinary Levy		353,696	349,724
Receipts from other exchange transactions		194,009	327,224
Receipts from other non-exchange transactions		98,873	42,558
Interest received		53,811	56,295
		<u>3,056,209</u>	<u>3,278,255</u>
<i>Payments</i>			
Payments to suppliers and employees		<u>2,615,777</u>	<u>3,138,377</u>
<b>Net cash flows from operating activities</b>		<u><b>440,432</b></u>	<u><b>139,878</b></u>
<b>Cash flows from investing activities</b>			
<i>Receipts</i>			
Sale of property, plant and equipment and intangibles		1,077	204
Redemption of investments		-	50,000
		<u>1,077</u>	<u>50,204</u>
<i>Payments</i>			
Purchase of property, plant and equipment and intangibles		41,784	133,860
Investments in short term deposits		450,000	-
		<u>491,784</u>	<u>133,860</u>
<b>Net cash flows from investing activities</b>		<u><b>(490,706)</b></u>	<u><b>(83,656)</b></u>
<b>Net Cash Flows from/(used in) Financing Activities</b>		<u>-</u>	<u>-</u>
<b>Net Change in Cash and Cash Equivalents</b>		(50,274)	56,222
Cash and Cash Equivalents at the Beginning of the Financial Year		323,693	267,471
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	<b>12</b>	<u><b>273,419</b></u>	<u><b>323,693</b></u>



# Pharmacy Council of New Zealand

## Notes to the Financial Statements

### For the year ended 30 June 2020

#### 1 Reporting entity

The reporting entity is the Pharmacy Council of New Zealand ("the Council"). The Council was established under the Health Practitioners Competence Assurance Act 2003 on 18 December 2003 and commenced operations on 18 September 2004.

The Council is a statutory body and has a duty to protect the public and promote good pharmacist practice. The Council is responsible for the registration of pharmacists, the setting of standards for pharmacists, accreditation of education programmes and ensuring pharmacists are competent to practise.

These financial statements have been approved and were authorised for issue by the Council Members on 22 September 2020.

#### 2 Statement of compliance

The 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 Public Sector entities. For the purposes of complying with NZ GAAP, the Council is a public sector public benefit entity and is eligible to apply Tier 2 Public Sector PBE IPSAS on the basis that it does not have public accountability and its expenditure is less than \$30m.

The Council has taken advantage of all applicable Reduced Disclosure Regime (RDR) disclosure concessions.

#### 3 Changes in accounting policies and disclosures

The accounting policies adopted in these financial statements are consistent with those of the previous 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 financial statements have been presented based on historical cost.

##### 4.2 Functional and presentational currency

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

##### 4.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Council and 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:



# Pharmacy Council of New Zealand

## Notes to the Financial Statements

### For the year ended 30 June 2020

#### Revenue from non-exchange transactions

##### *Disciplinary levies*

Disciplinary levies and fines are recognised as revenue when invoiced.

##### *Annual Practising Certificate (APC) fees*

APC revenue is recognised in full upon the commencement of the practising year to which it relates. Revenue from the provision of other services is recognised when the service has been provided. Where provision of services is extended over a period, the stage of completion is estimated and revenue recognised when the degree of service has been provided.

##### *Disciplinary recoveries*

Disciplinary recoveries represent fines and costs awarded to the Council by the Health Practitioners Disciplinary Tribunal (HPDT). The amount awarded generally includes a percentage or a portion of the Professional Conduct Committees (PCC) and HPDT costs.

Once awarded by the HPDT, disciplinary recoveries are reflected in the accounts at the time those costs were incurred and at the amount determined by the HPDT.

#### Revenue from exchange transactions

##### *Overseas pharmacist fees*

Overseas pharmacist fees include the Application for Initial Consideration, Competency Assessment of Overseas Pharmacists and Knowledge Assessment of Pharmaceutical Sciences fees.

##### *Other fees*

Other fees include the Written Examination (qualification revoked with effect from 12 November 2018), Certificate of Identity, Transfer within Register and Interview Assessment fee.

##### *Interest income*

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

##### *Other income*

All other revenue from exchange transactions is recognised when earned and is reported in the financial period to which it relates.

#### 4.4 Financial instruments

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

The Council ceases to recognise 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 Council 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 Council has transferred substantially all the risks and rewards of the asset;
- or
- the Council has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.



# Pharmacy Council of New Zealand

## Notes to the Financial Statements

### For the year ended 30 June 2020

#### Financial assets

Financial assets within the scope of PBE IPSAS 29 Public Sector (PS) 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 Council's financial assets include cash and cash equivalents, short-term investments, receivables from non-exchange transactions and receivables from exchange transactions.

#### Impairment of financial assets

The Council assesses at the end of 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 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 affected 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 any objective evidence of impairment, the Council first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Council determines there is no objective evidence of impairment for an individually assessed financial asset, 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 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.

There has been no impairment of financial assets for the year ended 30 June 2020.

#### Financial liabilities

The Council's financial liabilities include trade and other creditors (excluding GST and PAYE), APC rebates and employee entitlements.

All financial liabilities are initially and subsequently recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit).



**Pharmacy Council of New Zealand**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

*4.5 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.

*4.6 Short term investments*

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

*4.7 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. 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:

• Leasehold Improvements	10 years
• Furniture & Fittings	10 years
• Office equipment	5 years
• Computer equipment	3 years

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.

*4.8 Capital work in progress*

Capital work in progress is stated at cost and not depreciated. Depreciation on capital work in progress starts when assets are ready for their intended use.

*4.9 Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of their exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.



**Pharmacy Council of New Zealand**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The Council does not hold any intangible assets that have an indefinite life.

Intangible assets with finite life are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

The amortisation periods for the Council's assets are as follows:

- |                     |         |
|---------------------|---------|
| • Website           | 3 years |
| • Computer Software | 3 years |

#### *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 Employee benefits*

##### **Wages, salaries and annual leave**

Liabilities for wages, salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

#### *4.12 Income Tax*

The Council is exempt from Income Tax. The Council registered as a charitable entity under the Charities Act 2005 on 30 June 2008 (Registration Number CC29809) to maintain its tax exemption status.



**Pharmacy Council of New Zealand**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**4.13 Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to Inland Revenue is included as part of receivables and payables in the statement of financial position.

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

**4.14 Equity**

Equity is measured as the difference between total assets and total liabilities. Equity is made up of the following components:

**Accumulated comprehensive revenue and expense**

Accumulated comprehensive revenue and expense is the Council's accumulated surplus or deficit since its formation.

**5 Significant accounting judgements estimates and assumptions**

The preparation of the Council's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Council's accounting policies, management have made a judgement regarding the joint premises lease for 80 The Terrace that continues to have a material impact on the financial statements (see also Notes 10 & 23).

The lease Council has entered with other regulatory authorities at 80 The Terrace, Wellington has meant that all its tenancy occupancy requirements have not been met since February 2017 due to the impact of the November 2016 Kaikoura earthquake. An independently commissioned engineer's report indicated that there were serious issues with the building structure that impacted health and safety issues for staff. Continued discussions with the landlord have been unsuccessful in resolving contractual issues. Council offices subsequently moved to temporary premises. Re-entering the premises at 80 The Terrace remains untenable for Council and the shared tenancy with the Dental Council at 125 Willis Street has continued. Council continues to seek clarification from the landlord as to their obligations as a PCBU (Person Conducting a Business or Undertaking) under the Health and Safety at Work Act 2015.



# Pharmacy Council of New Zealand

## Notes to the Financial Statements

### For the year ended 30 June 2020

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

On March 11, 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel coronavirus), a pandemic. Two weeks later on 26 March, New Zealand increased its COVID-19 alert level to level 4 and a nationwide lockdown commenced. As part of this lockdown, the offices of the Pharmacy Council were temporarily closed and staff were supported to continue working from their homes.

At the date of issuing the financial statements, the Pharmacy Council is not expecting a sustained impact of COVID-19 on the continued operation of the Council other than the reduction in expenditure related to some parts of its work programme for the year under review and the coming financial year. Applications for annual APCs remain a statutory requirement for practising pharmacists and the Council will continue to receive APC fees from practitioners.

The Council based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Council. Such changes are reflected in the assumptions when they occur.

#### Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

The estimated useful lives of the asset classes held by the Council are listed in Note 4.7 & 4.9.



**Pharmacy Council of New Zealand**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**6 Annual Practising Certificate fees**

	2020	2019
	\$	\$
Pharmacist	2,458,887	2,368,396
Less: Provision for APC fee Rebate	(241,244)	-
Pharmacist Prescriber	18,118	13,739
Intern	99,881	99,661
Return to Practise	16,707	18,266
RECIP/REQR	2,800	122
Application fee	672	2,270
<b>Total Annual Practising Certificate fees</b>	<b>2,355,821</b>	<b>2,502,454</b>

The movement in Annual Practising Certificate fees this year is represented by; a gazetted increase for the 2020/21 practising year, registrations of interns into the Pharmacist scope of practice, and, a 10% rebate provision for 2020/21 APC fees received (as approved by Council in June 2020).

**7 Other fees**

	2020	2019
	\$	\$
Written Exam Fee	-	153,576
Transfer within Register	6,744	7,524
Interview Assessment Fee	9,448	6,774
Certificate of Identity	1,174	1,391
Other Fees	1,242	2,301
Appeal / Review fees	435	-
<b>Total Other fees</b>	<b>19,043</b>	<b>171,566</b>

The Intern Written Examination prescribed qualification was discontinued with effect from November 2018. There were subsequently no fees collected for this activity this year.



**Pharmacy Council of New Zealand**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**8 Other income**

	2020	2019
	\$	\$
Miscellaneous Income	1,882	100,472
Gain on Asset Disposals	-	204
<b>Total Other income</b>	<b>1,882</b>	<b>100,677</b>

The Kaikoura Earthquake in November 2016 required Council to relocate its operations from its shared premises at 80 The Terrace. The Business Interruption claim for costs associated to this relocation was settled in full and final by Council's insurer in December of 2018.

**9 Registration and discipline**

	2020	2019
	\$	\$
Registration	20,967	230,642
Discipline	361,055	332,181
Competence and health	12,764	12,864
<b>Total Registration and discipline</b>	<b>394,786</b>	<b>575,687</b>

Registration costs in 2019 reflected fees payable directly to the Australian Pharmacy Council on behalf of candidates for delivery of the now discontinued Intern Written Examination.

Discipline costs are incurred through Professional Conduct Committees (PCC) and Health Practitioner Disciplinary Tribunals (HPDT) and are funded from disciplinary levy revenue.

Caseload	@ 30Jun19	This Year	Cases Closed	Cases	@ 30Jun20
<b>PCC</b>	10	6	9	0	7
<b>HPDT</b>	5	6	5	2	4
<b>TOTAL</b>	<b>15</b>	<b>12</b>	<b>14</b>	<b>2</b>	<b>11</b>



**Pharmacy Council of New Zealand**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**10 Operating and administration**

Operating and administration expenses include the following specific expenses:

		2020	2019
		\$	\$
Accountancy advice		1,177	1,080
Amortisation costs		144,428	142,408
Audit fees		12,972	12,554
Bank fees		5,233	691
Bad debts and debt collection	i	48,088	266
Depreciation		16,903	27,779
Eftpos fees		51,283	49,941
Information technology costs		156,559	130,829
Insurance		13,823	14,324
Legal costs		3,766	21,601
Loss on write off / disposal of assets	ii.	-	94,266
Premises and occupancy costs		134,578	193,547
Onerous lease provision	ii.	32,636	456,695
Sundry costs		1,259	13,849
Personnel costs		1,324,174	1,331,573
Printing and stationery		9,554	10,902
Postage and courier		3,625	3,533
Telecommunications		8,950	11,191
<b>Total Operating and administration</b>		<b><u>1,969,007</u></b>	<b><u>2,517,030</u></b>

i. Council has made a provision for doubtful debts relating to two long standing disciplinary debtors. These outstanding amounts have been referred to Council's legal advisors to pursue their collection.

ii. Council made a provision in 2019 to write off the remaining 80 The Terrace lease commitment (to 31 October 2023) and the residual value of the original fit-out costs.

Changes to the head-lease and sub-lease assumptions and conditions in relation to increased rental and opex costs and lease execution dates have resulted in an additional onerous lease provision for 2020.



**Pharmacy Council of New Zealand**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**11 Auditor's remuneration**

Baker Tilly Staples Rodway provides audit services to the Council. The audit fees charged for the 2020 year totalled \$12,972. (2019 \$12,554)

Non-audit services are not provided by Baker Tilly Staples Rodway.

**12 Cash and cash equivalents**

Cash and cash equivalents include the following components:

	2020	2019
	\$	\$
Cash at bank	273,419	323,693
<b>Total Cash and cash equivalents</b>	<b>273,419</b>	<b>323,693</b>

**13 Investments**

	2020	2019
	\$	\$
Term deposits - Maturing within 12 months of balance date	2,700,000	2,250,000
	<b>2,700,000</b>	<b>2,250,000</b>

**14 Intangible assets**

2020	Website	Software	Total
	\$	\$	\$
Cost	64,229	544,609	608,838
Accumulated depreciation	64,229	399,236	463,465
<b>Net book value</b>	<b>-</b>	<b>145,373</b>	<b>145,373</b>

2019	Website	Software	Total
	\$	\$	\$
Cost	64,229	518,003	582,232
Accumulated depreciation	59,877	259,160	319,037
<b>Net book value</b>	<b>4,352</b>	<b>258,843</b>	<b>263,195</b>

**Reconciliation of the carrying amount at the beginning and end of the period:**

2020	Website	Software	Total
	\$	\$	\$
Opening balance	4,352	258,843	263,195
Additions	-	26,606	26,606
Disposals	-	-	-
Amortisation	4,352	140,076	144,428
<b>Closing balance</b>	<b>-</b>	<b>145,373</b>	<b>145,373</b>



**Pharmacy Council of New Zealand**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**15 Property, plant and equipment**

2020	Computer Equipment	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$
Cost	118,992	82,351	27,303	228,647
Accumulated depreciation	92,783	61,109	22,642	176,534
<b>Net book value</b>	<b>26,210</b>	<b>21,242</b>	<b>4,661</b>	<b>52,113</b>

  

2019	Computer Equipment	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$
Cost	107,361	82,351	27,303	217,015
Accumulated depreciation	84,946	57,586	19,568	162,100
<b>Net book value</b>	<b>22,415</b>	<b>24,765</b>	<b>7,735</b>	<b>54,915</b>

**Reconciliation of the carrying amount at the beginning and end of the period:**

2020	Computer Equipment	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$
Opening balance	22,415	24,765	7,735	54,915
Additions	15,178	-	-	15,178
Disposals	1,077	-	-	1,077
Accumulated depreciation	10,305	3,523	3,074	16,903
<b>Closing balance</b>	<b>26,210</b>	<b>21,242</b>	<b>4,661</b>	<b>52,113</b>

**16 Work in progress**

Work commenced in 2019 on the *Compliance Management System* component of Council's Business Capability Improvement Plan. At balance date this work had not yet reached the status of a minimum viable product and was not capitalised.

Work also commenced in 2020 on a review and refresh of Council's website architecture and content. Costs incurred to date for this work have not yet been capitalised.

Completion of these workstreams is expected within the first two quarters of the new financial year. Balance of the work in progress is \$93,051 (2019: \$38,997)



**Pharmacy Council of New Zealand**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**17 Related party transactions**

The Council has related party transactions with respect to fees paid to Council members and with respect to Council members who pay to the Pharmacy Council APC fees and disciplinary levies as pharmacists. Fees paid to the Council members for attending Council, Council sub committees (FARMC, PCC and CSC) and working party meetings and participating in other forums are disclosed below.

	2020	2019
	\$	\$
Councillors Fees*	141,675	119,693
Councillors Expenses	30,497	28,188
<b>Total</b>	<b>172,171</b>	<b>147,881</b>
<b>*Fees Paid to Councillors</b>		
K Azer	^ 10,620	-
A Bauld	9,246	7,627
M Bedford	± 178	48,684
M Bennett	984	9,669
I Buchanan	788	8,124
L Flowers	237	6,619
J Galt	# 10,974	13,725
V Gurrey	-	5,635
J Harrison	± 59,039	19,611
M Lomax	^ 9,286	-
E Salis	^ 9,410	-
C Schimanski	^ 11,491	-
M Wu	^ 9,466	-
A Zareh	^ 9,957	-
<b>Total *Fees Paid to Councillors</b>	<b>141,675</b>	<b>119,693</b>

Certain council members are also Practising pharmacists and deal with the Council on the same basis as other pharmacists.

± J Harrison took over the role of Council Chair from M Bedford in April 2019.

^ Six new Council members were appointed by the Minister of Health in August 2019. Meeting attendance fees this year reflect the transition period between members, separate Council & FARMC induction days and the implementation of 'Council Observer' roles on sub-committees for succession planning purposes.

# Appointed as independent chair of FARMC (Finance, Assurance and Risk Management Committee) and attends Council meetings.

There were no other related party transactions. (2019: \$Nil).



**Pharmacy Council of New Zealand**  
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**For the year ended 30 June 2020**

**Key management personnel**

The governing body of the Council with authority and responsibility for planning, directing and controlling the activities of the entity is constituted of the Council Members, Independent FARMC Chair, the Chief Executive, Manager Regulatory & Registrar, Manager Compliance Registration & Standards, Manager Qualifications & Competence Assurance and the Manager Finance & Performance. These are the Council's key management personnel, as defined by PBE IPSAS 20 PS Related Party Disclosures.

The remuneration paid to Council Members is set out above. The aggregate remuneration of key management personnel and the number of individuals, determined on a full time equivalent basis, receiving remuneration is as follows.

	2020	2019
	\$	\$
Total remuneration	800,723	755,155
Number of full-time equivalents (FTE)	5.4	5.2

**Remuneration and compensation provided to close family members of key management personnel**

During the reporting period, total remuneration and compensation of \$Nil (2019: \$Nil) was provided by the Council to employees who are close family members of key management personnel.

**18 Leases**

As at the reporting date, the Council has entered the following non-cancellable operating leases.

	2020	2019
	\$	\$
<b>80 The Terrace</b>		
Not later than one year	87,124	84,681
Later than one year and no later than five years	203,289	282,268
Later than five years	-	-
	<b>290,413</b>	<b>366,949</b>

	2020	2019
	\$	\$
<b>125 Willis Street</b>		
Not later than one year	97,991	92,823
Later than one year and no later than five years	36,746	127,632
Later than five years	-	-
	<b>134,737</b>	<b>220,455</b>



**Pharmacy Council of New Zealand**  
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The Council is jointly and severally liable with the Dental Council of New Zealand, Medical Sciences Council of New Zealand, New Zealand Medical Radiation Technologists Board, and the Physiotherapy Board of New Zealand, for the premises lease at 80 The Terrace, The total liability is:

	2020	2019
	\$	\$
<b>Overall Premises Lease - 80 The Terrace</b>		
Not later than one year	350,073	341,564
Later than one year and no later than five years	816,839	1,138,548
Later than five years	-	-
	<b>1,166,912</b>	<b>1,480,112</b>

The Council is also jointly and severally liable with the Dental Council of New Zealand for the premises sub-lease at 125 Willis Street. The total liability is:

	2020	2019
	\$	\$
<b>Overall Premises Lease - 125 Willis Street</b>		
Not later than one year	195,981	185,647
Later than one year and no later than five years	73,493	255,264
Later than five years	-	-
	<b>269,474</b>	<b>440,911</b>

#### 19 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:

	2020	2019
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	273,419	323,693
Investments	2,700,000	2,250,000
Receivables from non-exchange transactions	66,904	58,724
	<b>3,040,323</b>	<b>2,632,417</b>
<b>Financial liabilities</b>		
Accounts payable	135,747	75,643
Accruals	771,224	525,751
Employee entitlements	120,153	101,566
	<b>1,027,124</b>	<b>702,960</b>

Council began its collection process for 2020/21 Annual Practising Fees (APC) on 1 March 2020. New Zealand went into level 4 lockdown on 26 March 2020. While the APC collection process continued unabated, Council's workplan for the last two quarters was limited by the constraints of lockdown meaning planned costs were not incurred. From this position the Council took the view that as its planned income for the period March 2020 to February 2021 was likely to be in excess of its requirements then a partial refund of the APC component of the fees collected would be made to eligible practitioners as soon as practicable. An accrual has been made for the estimated value of the refund to be made plus administrative costs associated to management of the same.



**Pharmacy Council of New Zealand**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**20 Accumulated comprehensive revenue and expense**

The Council's accumulated comprehensive revenue and expense was separated in to a General Fund and a Disciplinary Fund during the 2010/11 financial year. This was done in response to an increase in disciplinary costs and to provide greater transparency to stakeholders.

	2020	2019
	\$	\$
<b>General Fund</b>		
Opening balance	1,758,011	2,007,370
Movements during the year	97,516	(249,359)
<b>Closing balance</b>	<b>1,855,527</b>	<b>1,758,011</b>
<b>Disciplinary Fund</b>		
Opening balance	580,028	596,274
Movements during the year	(99,335)	(16,247)
<b>Closing balance</b>	<b>480,693</b>	<b>580,028</b>
<b>Total accumulated comprehensive revenue and expense</b>	<b>2,336,220</b>	<b>2,338,038</b>

**21 Capital commitments**

There are no capital commitments at the reporting date. (2019: \$Nil)

**22 Contingent assets and liabilities**

Council has lodged a High Court appeal contesting a Health Practitioner Disciplinary Tribunal (HPDT) decision on a case involving Fraudulent Prescriptions. The hearing date has been set for 8 September

Other than disclosed above, there are no contingent assets or liabilities at the reporting date. (2019: \$Nil)

**23 Provision for Onerous Lease**

As at the reporting date, the Council has made the following provision:

	2020	2019
	\$	\$
<b>Provision for Onerous Lease</b>		
Opening balance	456,695	-
Additional provisions made in this financial year	32,636	456,695
Amounts incurred and charged against the provision	(91,695)	-
Reversal of unused amounts	-	-
<b>Closing balance</b>	<b>397,636</b>	<b>456,695</b>
<b>Current</b>		
	86,110	83,365
<b>Non Current</b>		
	311,526	373,330
<b>Closing balance</b>	<b>397,636</b>	<b>456,695</b>



**Pharmacy Council of New Zealand**  
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**For the year ended 30 June 2020**

As per note 18, the Council is jointly and severally liable for the lease of 80 The Terrace with the Dental Council of New Zealand, Medical Sciences Council of New Zealand, New Zealand Medical Radiation Technologists Board, and the Physiotherapy Board of New Zealand.

As the Council continues to meet the lease commitment for 80 The Terrace but is unable to occupy the premises, the lease commitment is considered onerous.

The joint Councils have secured a partial sub-let of the premises to an existing tenant of the building for part of the remaining lease term.

The provision has been calculated as the minimum amount payable under the contract, less expected recoveries from sub-letting. The value of office fit-out assets associated with the lease was impaired to nil as at 30 June 2019.

**24 Events after the reporting date**

On 25 June 2020 Council approved a 10% rebate in relation to the 2020/21 APC fees collected due to the impact of Covid-19 on its workplan. Accordingly the entity has provided for a total rebate of \$241,244 which will be paid after 30 June 2020. Other than this there are no other events after the reporting date to be disclosed.



**INDEPENDENT AUDITOR'S REPORT  
TO THE READERS OF THE PHARMACY COUNCIL OF NEW ZEALAND'S  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

The Auditor-General is the auditor of the Pharmacy Council of New Zealand (Pharmacy Council). The Auditor-General has appointed me, Chrissie Murray, using the staff and resources of Baker Tilly Staples Rodway Audit Limited, to carry out the audit of the financial statements of Pharmacy Council on his behalf.

**Opinion**

We have audited the financial statements of Pharmacy Council, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expense, the statement of changes in net assets and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Pharmacy Council, present fairly, in all material respects:

- its financial position as at 30 June 2020; and
- its financial performance and cash flows for the year then ended; and

comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime

Our audit was completed on 29 October 2020. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements, and we explain our independence.

**Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the Auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

**Emphasis of Matter – COVID-19**

Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on the Council as set out in note 5 on page 11.

**Responsibilities of the Council for the financial statements**

The Council is responsible for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible on behalf of Pharmacy Council for assessing Pharmacy Council's ability to continue as a going concern. The Council are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate Pharmacy Council or to cease operations, or there is no realistic alternative but to do so.

The Council's responsibilities arise from the Health Practitioners Competence Assurance Act 2003.

### **Responsibilities of the auditor for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Pharmacy Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Pharmacy Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibility arises from section 15 of the Public Audit Act 2001 and section 134(1) of the Health Practitioners Competence Assurance Act 2003.

**Independence**

We are independent of Pharmacy Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, Pharmacy Council.



Chrissie Murray  
Baker Tilly Staples Rodway Audit Limited  
on behalf of the Auditor-General  
Wellington, New Zealand