

**CLUTHA VETERINARY  
ASSOCIATION INC.**

*107th Annual Report*

**FOR THE 12 MONTHS ENDED 30th JUNE, 2015**

**To be presented at the**

**ANNUAL GENERAL MEETING**

**to be held at the**

**Rosebank Lodge  
Balclutha**

**on**

**TUESDAY 24<sup>th</sup> November 2015**

**at 8.30 p.m.**

**Meeting will be preceded by a tour of the**

**Balclutha Clinic alterations**

**at 8.00 p.m.**

# **CLUTHA VETERINARY ASSOCIATION (INC.)**

## **FINANCIAL STATEMENTS**

**FOR THE 12 MONTHS TO 30 JUNE 2015**

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# **CLUTHA VETERINARY ASSOCIATION (INC.)**

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the One hundred and seventh Annual General Meeting of Members of the Clutha Veterinary Association Inc. will be held at the Rosebank Lodge, Balclutha on Tuesday 24<sup>th</sup> November 2015 at 8:30 p.m. The AGM will be preceded by a tour of the alterations to the CVA premises situated at 3 Wilson Road Balclutha at 8 p.m. and members are invited to assemble at 3 Wilson Road just before 8 p.m.

### **Ordinary Business**

1. To receive apologies.
2. To confirm the minutes of the previous Annual General Meeting held 25<sup>th</sup> November 2014.
3. To receive and consider the Chairman's Report, The Executive Management Group Report, the Financial Statements and the Auditor's Report.
4. To elect three Directors to the Board. Messrs B Lowery, G L Love and Mr P J McNab retire by rotation in accordance with the Rules of the Association.

Nominations have been received for election of the following to the Board of Directors:

B Lowery	(P Corboy/D Divers)
G L Love	(B Bearman/M Cullen)
P J McNab	(S McNab/A Jackson)

5. To consider the reappointment of Shand Thomson Ltd. as Auditors of the Association and to authorise the Directors to fix the Auditor's remuneration for the ensuing year.
6. To consider any other business that at the discretion of the Chairman may properly be brought before the meeting.

By order of the Board

Lee McAuslan  
Secretary  
Balclutha

Balclutha 27 October 2015

# **CLUTHA VETERINARY ASSOCIATION (INC.)**

## **PARTICULARS**

### **Directors (as at 30 June 2015)**

S D Bamford (Chairman)  
A S Morrison (Senior Vice Chairman)  
B A Lowery (Junior Vice Chairman)  
P Dobbie  
G Love  
P J McNab  
Mrs M Munro  
G M Shaw  
R van Vugt  
L McAuslan (Secretary)

### **Registered Office**

2 Wilson Road  
BALCLUTHA

Milton Centre  
106 Union Street  
MILTON

### **Auditors**

Shand Thomson Ltd

### **Bankers**

Bank of New Zealand

### **Solicitors**

O'Malley & Co.  
Galloway Cook Allan

# **CLUTHA VETERINARY ASSOCIATION (INC.)**

**Minutes** of the 106<sup>th</sup> Annual General Meeting of Members of the Association held at the Owaka Community Centre, Owaka on Tuesday 25 November 2014 at 8.00 p.m.

## **PRESENT:**

Mr C Macfie (Chairman) presided over an attendance of approximately 28 Members.

The Chairman welcomed members to the 106<sup>th</sup> Annual General Meeting and issued a special welcome to Anna Irwin as Guest Speaker.

## **APOLOGIES:**

Alan & Jo McLeary, Ian & Colleen Bathgate, Ken Harrex, Max Geddes, Mike & Liz Elliot, Graeme Evans, Susie Corboy, John Cleghorn, Dennis Greer, Nigel McLachlan, Mark Field and Scott Smales.

Apologies Sustained.

(Mrs W Ryan/Mr P McNab)

## **MINUTES:**

The minutes of the 105<sup>th</sup> Annual General Meeting were confirmed as a true and correct record.

(Messrs S Bamford/P McNab)

## **ANNUAL REPORT:**

The Chairman and the EMG requested that their reports as printed in the annual report booklet be taken as read. In addition the Chairman noted that planning for the proposed Balclutha clinic upgrade was progressing well and that this was in a large part thanks to the efforts of John Smart. It was also noted that the work on the car park at the rear of the building was currently underway.

The Chairman then asked for any questions from the floor with respect to the contents of the annual report.

There being no questions the Chairman then asked for someone to move the adoption of the annual report.

Mr S Morrison (Junior Vice Chairman CVA) then moved the adoption of the Annual Report (including Chairman's Report, EMG Report, Financial Statements and Auditors Report).

This was seconded by Mr R van Vugt.

The annual report was then adopted by the meeting.

### **ELECTION OF THREE MEMBERS TO THE BOARD:**

The following nominations have been received for the three vacancies arising due to resignation and retirement by rotation and it was noted by the Chairman that these nominations had been advised to members in the notice of meeting:

S Bamford	(R Ross/J Morton)
P Dobbie	(C Macfie/K Campbell)
S Morrison	(E Dick/D Storer)

As the above nominations had been received in accordance with the rules of the Association and as the number of nominations did not exceed the vacancies on the Board, the Chairman declared the above duly elected.

### **AUDITOR:**

Shand Thomson Ltd was confirmed as auditors for the ensuing year.  
(Messrs P McNab/S Morrison)

### **GENERAL BUSINESS:**

The Chairman then asked those members present if there was any general business to be brought before the meeting.

Mr P McNab requested if members could be given an update on the reasons for and progress on the Balclutha Clinic upgrade. John Smart reported that the last upgrade to the Balclutha clinic took place approximately 20 years ago when the number of staff employed by the CVA was approximately 50% of the number it is now and the building was now "bursting at the seams". Planning for the upgrade has been in train for approximately 18 months and detailed plans are currently being drawn up. It is anticipated that the proposed works will go out to tender in April or May 2015 with works being completed by May 2016. It was noted that there will be massive disruption to members and staff while the alterations are taking place.

Sue McNutt was thanked for organising the meeting.

There being no general business the meeting then closed at 8.15 pm.

**GUEST SPEAKERS:**

Mr S Bamford (Senior Vice-Chairman CVA Board) introduced Guest Speaker Anna Irwin from Dairy NZ.

Anna noted that she had been the recipient of the CVA scholarship when she was a veterinary student. Anna spoke about her recent trip to investigate foot and mouth disease in Nepal as one of a group of 10 under the auspices of the Ministry of Primary Industries. Anna noted that while FMD is rarely fatal to adult animals it is a highly contagious virus with 100% morbidity rate. Anna noted that should a FMD incursion occur in New Zealand that MPI policy is to regain New Zealand's FMD free status as soon as possible.

At the conclusion of Anna's presentation Mr Macfie called for questions from the floor.

In response to questions from the floor Anna advised that New Zealand does have FMD testing facilities and holds (overseas) a stock of FMD vaccine. It was also suggested that illegally imported meat products are probably the biggest border security threat with respect to FMD. Rob Mills (veterinarian CVA) advised the meeting of the likely role of veterinarians employed by CVA should a FMD outbreaks occur in New Zealand.

Mr S Morrison (CVA Board Junior Vice-Chairman) then thanked Anna for her speech. The audience then showed their appreciation in the usual manner.

Supper then followed at 9.10 pm.

Confirmed as a True and Correct Record.

.....Chairman .....Date

**CLUTHA VETERINARY ASSOCIATION (INC.)  
STAFF AS AT 30 JUNE 2015**

**Balclutha Centre**

**Veterinarians**

John Smart, B.V.Sc.  
Jason Darwen, B.V.Sc.  
Rob Mills, B.V.Sc.  
Hamish Moore, B.V.Sc.  
Annie Jackson, B.V.Sc.  
Catherine Copland, B.V.M.S.  
Peter Heslip, B.V.Sc., M.V.M.  
Steven Butler, B.V.Sc.  
Elsbeth Dunne, B.V.Sc., B.Ag.Sc.  
Bevan Topham, B.V.Sc.  
Isobel Topham, B.V.Sc.  
Ruth Andrews, B.V.Sc.  
Bridget McCauley, B.V.Sc.  
Marek Misiewicz, B.Sc., B.V.M.S.

**Rural Animal Technicians**

Joanna de Vegt, Cert. Rural Animal Technology  
Marc McElrea  
Sarah Morahan, Cert. Rural Animal Technology

**Retail**

John Neave, Merchandise & Marketing Manager,  
Cert. Rural Animal Technology  
Wilma Ryan  
Jane Grant  
Ben Ballantyne

**Small Animal Clinic**

Mary Munro  
Emma Smith  
Rochelle Whiteford, Cert. V.N.  
Michelle Powell, Cert. V.N., Cert. Rural Animal Technology  
Connie Waddingham, Cert. V. N.

## **Balclutha Centre (Cont'd)**

### **Administration**

Sue McNutt

Shona Bennet

Sharon West, Cert. V.N.

Emma Smith

Debbie Mills

Sarah Piwari

Mary Bennett

## **Milton Centre**

### **Veterinarians**

Peter Kalb, B.V.Sc.

Jillian Clark, B.V.Sc. (Distinction)

Sidney Taylor, B.Ag.Sc, B.V.Sc. M.A.C.V.Sc

Barbara Christensen, B.V.Sc., M.A.N.Z.C.V.Sc.

Keara Brennan, B.V.Sc., M.R.C.V.S.

Alice Lee, B.V.Sc.

### **Rural Animal Technicians**

Louise Oldham, Cert. Rural Animal Technology

Carol Adams, Cert. Rural Animal Technology

David Urquhart

### **Small Animal Clinic**

Gaynor Finch, Cert. V.N.

Tracy MacColl, Cert. V.N.

### **Administration & Retail**

Kathleen Stanley

Nathan Cornish

Anita Girvan

Liz Butler

### **Clydevale Depot**

Gary Beaumont – Store Manager

# CHAIRMAN'S REPORT

## **Chairman's 107<sup>th</sup> Annual Report**

It is my pleasure to welcome you to the 107<sup>th</sup> Annual General Meeting of the Clutha Veterinary Association.

Membership of the Clutha Vets is in excess of 1,500 members, and a large part of this increase is attributed to small animal owners becoming members of Clutha Vets. This is pleasing to the Board as every client is a valued part of the Clutha Vets business regardless if they are large or small animal clients.

The past twelve months have certainly been some of the more challenging times farmers have experienced in many years. The volatility in farming returns coupled with unstable and erratic weather patterns have put farmers and their businesses under considerable stress and strain. Clutha Vets has also been affected by these challenges and the Executive Management Group (EMG) and Clutha Vets staff have been working on ways they can support their clients, while at the same time trying to minimise the impact on the business of the reduced spending going on in the primary sector.

One thing that remains unchanged in the last twelve months is the calibre and professionalism of the Clutha Vets staff and the dedication they have for their job and the Clutha Vets business. The Board is proud of the superior service that Clutha Vets provide to their clients and it is through the strong leadership of the EMG that ensures this commitment to the pastoral sector of the wider Clutha District will continue.

One way to measure the success of a business is through staff turnover figures. It is particularly pleasing to the Board that there has been low staff turnover this past year and considerable longevity of many staff within the business. We did farewell two senior staff members during the year; June Caldwell and Ainslie Kalb. The Board acknowledges the service and input June and Ainslie gave to Clutha Vets and wishes them both well for the future.

### Balclutha Clinic Redevelopment

It has been more than 20 years since any significant work has been undertaken on the Balclutha Clinic. As well as it starting to look a bit old and tired, it had become too small to accommodate the growing practice. During the initial planning stages the brief was given to the architect to provide us with a building that meets NZ Best Practice Veterinary standards. The reason for this was to

end up with a finished product that would provide the best quality facilities for our staff and our members. The redevelopment the Board committed to earlier in 2015 is now in full swing and at the time of writing this report Stage 1 of the revamp was nearing completion. Currently the work is slightly behind schedule but the budgeted cost is right on target. The Board thanks John Smart for his role overseeing the day to day building work on their behalf. John's commitment to the project has meant he has contributed many hours of his personal time attending to sundry matters related to the development and this has not gone unnoticed by the Board.

It has been a well-planned project under the guidance of Signature Properties, a project management company engaged by Clutha Vets to coordinate and manage the rebuild for us. During the tender process there was little interest from local tradespeople for the rebuild work. While the Board were disappointed they could not channel investment from this project back into the local community, we understood that the size, scale, tight timeframes for this work and other work commitments on their part meant that it was prohibitive for many of our local businesses. We would like to express our appreciation to the staff and clients of the Practice for their patience as the disruption, noise and cramped worked conditions have been challenging for everyone.

### Community Involvement

Clutha Vets continues to support the community through scholarships and bursaries, as well as attendance at rural events. As in previous years they have had a strong presence at events like Lawrence Farmarama, Clydevale Dairy Expo and the South Otago A&P Show.

The Clutha Vets continues to participate in and support the practical experience of Rural Animal Technician students from Telford and Veterinary Students from Massey University.

### Combined Vets

Bruce Lowery and Grant Love are on the Board of Combined Vets, representing our one 26.67% shareholding in this business, with Bruce being the current Chairman of the Combined Vets Board.

The business is steadily increasing its client base in the Gore and surrounding areas. It is currently employing six full time staff, which includes two vets and these are also supported by the services of two part time vets.

## Financial Results

The financial year ended 30 June 2015 has been satisfactory with total turnover at a record level of \$16,000,945 which is an increase of \$185,987 on the turnover achieved for the year ended 30 June 2014. However the net surplus for the year at \$507,196 is \$28,493 less than was achieved last year and has been struck after allowing for the 10% prompt payment discount to members and an additional discount to members of \$100,000 including GST. When establishing the level of additional discount payable to members the Board took into consideration the requirement for the Association to fund the extensive building works now underway at the Balclutha Clinic.

## EMG

The Board completed its annual 360° review of the EMG late last year. The feedback from the staff interviewed as part of this review process endorsed the views of the Board that the EMG is doing an outstanding job of managing the Clutha Vets business. While each of the EMG members, Rob Mills, Sid Taylor, John Smart, Jason Darwen and Hamish Moore, have their individual areas of responsibility within the practice, as a collective the EMG are instrumental in the leadership and success of Clutha Vets. The smooth running of the business by the EMG is reflected in the need for fewer meetings between the Board, Executive and EMG. As Board Chairman I liaise weekly with a senior EMG member in a support role and to ensure that the lines of communication remain open and strong between the Board and the EMG.

## Conclusion

As mentioned earlier in the report, there has been no need for the Board to attend any extra meetings during the year other than the monthly Board meetings. I would like to thank all of the Board Members for their attendance and input at these meetings.

Thank you to the members of the Board Executive, Stewart Morrison, Garth Shaw and Bruce Lowery for your support and contribution over the past twelve months.

Lee McAuslan, the Board Secretary continues to provide excellent service and advice to the Board and remains an essential part of the Board structure.

Directors to retire by rotation this year are Peter McNab, Bruce Lowery and Grant Love. All three are available for re-election.

In closing I would like to say that the next twelve months may be more demanding than the previous twelve and will likely present ongoing challenges as the primary sector works through this time of farming correction and adjusts to the new normal. Clutha Vets will continue to ensure that all benefits that are available as a Co-operative are made available to all of its members. We will continue to provide top quality service to clients as we adhere to our aim of being the first choice for veterinary service and associated retail services in the district. We believe that with the building upgrade and purchase of state of the art technological equipment we will retain the excellent staff we have and be in a position to attract other top quality staff as the need arises.

Once again, on behalf of Clutha Vets, I would like to thank all members for their support over the past twelve months, and we look forward to your continuing support in the future.

Steven Bamford, Chairman.

# **EXECUTIVE MANAGEMENT GROUP REPORT FOR 2014-2015**

For the Clutha Veterinary Association, 2014/15 continued the very positive trend that had developed over the preceding few years. We saw significant innovation and growth in the number and value of services, products and events that we have been able to offer to you, our members; and significant investment in the infrastructure of the practice that will ensure our ongoing ability to meet our stated aim:

“To provide top quality and up-to-date animal health services, advice and products to members and the community, 24 hours a day, 7 days a week.”

The practice continues to derive a considerable proportion of its income from retail sales of restricted veterinary medicines (RVMs) and over-the-counter animal health products. However, this has always been under-pinned by sound veterinary advice, and the provision of veterinary services. This in turn requires an experienced and adequately resourced vet team, and so during the year we were delighted to welcome back Steve Butler (after six months seeing the world, including working as a farm vet in the UK), and Alice Lee (returning from parental leave), and to be able to offer Ruth Andrews a permanent position. While Lewis Sparrow left us for his mid-Canterbury roots, we have amply compensated with the employment of two bright young new graduates Bridget McCauley and Marek Misiewicz, who are well on their way to becoming confident and experienced veterinarians.

The lower milk price, back from record highs in the 2013/14 year, saw decrease in demand for some of our dairy services. However, with a full team of farm vets on board, we were able to significantly increase revenue from other areas, notably sheep and InCalf consultancy work, non-cycling cow treatments and further growth in calf debudding and heifer teatsealing. Although Ainslie Kalb left the crew towards the end of the year, Sarah Morahan, who had spent time with us while gaining her technician qualification from Telford, had joined us in January, and so the technician teams at Milton and Balclutha continued to make a valued contribution in getting through the sheer bulk of work involved in some of these tasks.

During the year, the efficiency of the Balclutha farm vet / tech team has been greatly improved by the completion of the first stage of the site redevelopment. While a very wet winter for farmers also made life difficult for builders, local firm Belford Building and Joinery in January 2015 completed a major retaining wall and in-fill of what had otherwise been wasted and unusable space

behind the main clinic. This formed the foundation for a 7-bay covered carport, two fully enclosed garages and a space for our teatseal trailer. These had become necessary as not just the number of staff vehicles increased, but also to protect the significant capital that the practice now has tied up in a fleet of very professional vehicles (seven new during the year). The ground works have also made it much easier for the redevelopment work of the main building to proceed without interrupting our work flow (see below). The other part of the preliminary project was the conversion of the end section of the bulk storage shed into a large animal equipment room, with a canopy for under cover loading and unloading. All of his space will tie in to the redeveloped large animal vet areas on the ground floor back of the main building.

The companion animal vets were also kept busy. Janine Cumming spent quite a bit of time with us in a locum capacity, and it was great to have her “external” praise for the standard of our facilities and the level of service we offer members, their cats and dogs. Emma Simpson-Boyce, who had been our head veterinary nurse in Balclutha resigned her position following the birth of her son, and we were able to make Connie Waddingham a permanent member of staff. Orthopaedic surgery, a very important part of any rural practice, showed strong growth through the year, driven by Peter Heslip. We are very lucky to have such a highly skilled surgeon on the team, and we are looking for ways to share and spread his skills and experience. In Balclutha, Catherine Copland and Isobel Topham have developed acupuncture and physical therapy service to complement the surgical approach.

Retail sales continued to contribute a high proportion of practice income, and this was spread across eight retail outlets. While Balclutha, Clydevale and Milton accounted for about 90% of sales, our relationships with CCMP at Momona, Owaka Motors, Lee Stream School and Clinton Express are also important in offering you the best possible service throughout our whole catchment. This year saw a change of ownership for the operator of our Lawrence Depot, with the long-established Fox’s Auto transitioning to Win’s Engineering in the same premises. The new owners are keen to build a strong relationship with us, and are already making changes to the building to enable us to have a greater and more professional presence in the Lawrence area.

All of this contributed to another healthy financial year for your vet club. In August 2014 the Association returned \$150,000 to our members as additional discount, funded from \$666,000 operating surplus in the 2013/14 year. Then, on the strength of an operating surplus of \$594,000 in the 2014/15 year, the Directors of the Club approved \$100,000 in additional discount to be paid in August 2015.

This growing number of sales and volume of turnover requires significant internal processing, and knowledgeable lay staff to support it. June Caldwell, who started work as a vet nurse in Milton nearly 30 years ago, grew into the role of clinic supervisor, and managed much of the administration work at Milton. The Board and staff farewelled June at a function to mark her huge contribution when she retired in January 2015. June's presence has been missed by clients and staff alike, but Nathan Cornish has stepped into the role quite seamlessly. We have been lucky to recruit Anita Girvan in to a supporting retail role, and with the resignation of Mirjam Spronk-Vos, Liz Butler (Darmody) has returned in an administration role. In Balclutha, Rebecca Begg left her position as creditors clerk, and was replaced by Mary Bennett.

The work of the administration, retail and clinical teams has been made much easier by the investment of more than \$120,000 in our computer systems during the year. Like our building, the IT network had been added to and patched up many times over many years. It was time for a major rebuild from the ground up, to give us a reliable and efficient system to sustain modern business practices. Communication between branches, remote access from depots, and even mobile phones and up-to-date operating software and back-up systems have streamlined processes for all staff. This project was overseen by Sharon Goatley, who continues to support our IT.

One of the noticeable differences to our clients of our new computers will have been the change in presentation style of our practice newsletters. After many years (perhaps decades!) our sheep & beef, dairy farmer and companion animal newsletters have moved to a more modern and attractive colour format, but we hope they have retained their focus on down to earth, local, topical animal health news and advice.

Early April saw the start of the main clinic redevelopment in Balclutha – a project that was predicted to occupy the next 11 months. It is more than 20 years since the last major work here, and our facilities had become very cramped, run-down and inefficient. As examples, we had up to eight vets sharing a single office space; we had no suitable small meeting rooms for the client consultations that are now a significant part of our work load and your on-farm compliance; the eighteen or so women who work in the building were sharing the same single female toilet that Mary Munro had to herself when Clutha Vets bought the building 30 years ago; the concrete block walls were uninsulated, and single glazed windows a heat sink; and the computer cabling, electrical wiring and plumbing were such a rats nest that it was very difficult to know where to start looking when something (frequently) went wrong.

The new building has been under consideration for several years, starting with discussion about whether to move sites to a new, or redeveloped existing building; whether to raze the current building to the ground and start from scratch and what options existed for acquiring adjoining property. In the end, your Board decided our site offered too many advantages to give up, and continuation of service was essential - therefore making a major rebuild of the current facility the most appropriate. John Smart has supervised the process from the start - gaining feedback from all staff about what would make our services and their work spaces better. The Board appointed Jamie Lyons of Signature Property as project manager, and he has ably guided us through the selection of designer (Cadzow and Associates) and associated engineering consultants, the tender process council consents and at last, the construction itself.

The overall plan is to relocate our small animal hospital into a purpose-built Best Practice standard facility on the ground floor at the western end of the building. At the same time a meeting room large enough to accommodate up to 60 people seated has been added on upstairs, and new vet office space. This work was approximately half finished by the end of June 2015. The next stage will be to redevelop a central administration area in the middle of the building, with further new upstairs offices, storage and amenities. Finally the retail shop will receive a face lift, without too many structural changes. Completion is scheduled for autumn 2016.

We hope that our clients have noticed minimal disruption thus far. The staff have been extremely patient, sustained by the aspiration of the top class building the Association will be proud to possess in the near future, that will provide a pleasant and efficient experience for workers and visitors alike. The relationship with the lead contractor (ABL of Dunedin) remains cordial, and at this stage, while a little behind the time line, budget overruns are well within the contingency allowed.

The year saw a significant change to the management of Clutha Vets. The EMG (Executive Management Group) that was established to plan and oversee the day-to-day operation of the practice in 2011, consisted of Jason Darwen, Rob Mills, John Smart and Sid Taylor. In July 2014, satisfied that this new model served the members well, the Board renewed the arrangement for a further three year term, with the addition of Hamish Moore to the group. Hamish joined Clutha Vets in January 2008, and has built a solid reputation with clinical skills and client relationships in the intervening years.

Within the EMG, each member has responsibility to the Board for specific, defined areas. One of Hamish's key tasks has been to bring our Health and Safety systems in to line with the new and ever changing legislative landscape. This has been a strong focus of his work in the first year, with heightened awareness amongst all staff about the importance of getting home safely every night, and more robust processes to ensure and support this. One of our greatest threats is RSI-type injuries to arms from repetitive tasks – pregnancy testing, calf de-budding and heifer teatsealing. We are looking at ways to combat this.

Clutha Vets has continued to be an active member of our community. In the past year we have made significant sponsorship contributions to the Telford Golden Jubilee, the Southern Dairy Hub, Lawrence Farmarama and the Clydevale Dairy Expo. We have also entered a relationship for the provision of clinical services to the AgReserach farms at Invermay. This comes on top of numerous donations each month to kindergartens, Lions clubs, sports teams and many other community groups from throughout our clients' home areas.

Looking to the future, 2015/16 is likely to be a watershed year for rural New Zealand veterinary practices, and Clutha Vets is no exception. Those that have come to rely heavily on the dairy industry as their sole source of income are feeling the squeeze, with the current and forecast low dairy pay out. Our association is fortunate to have a loyal base of club members spread across a wide area and range of productions systems, as well as a strong companion animal component. In some ways this helps to insulate us from the fluctuations in any single one of these areas. However, we will need to continue to work hard to ensure we maintain our position as the most trusted animal health advisors and preferred suppliers of animal health products and services. This involves careful strategic planning, especially around transfer of knowledge, experience and skills from senior members of the team to more junior. In turn, if our members agree on the importance of this, they will need to be prepared to give junior vets the opportunity to become involved in their farm businesses, while back up support from senior colleagues is still available.

To cope with reduced practice income, because of reduced (dairy) farm income, our large organisation needs to be nimble. We must economise our own costs, and where possible pass these benefits on to our members. Nowhere is this more apparent than in our purchasing decisions and our relationships with key suppliers. Our ability to negotiate with suppliers comes down largely to the volume of our business, and to achieve this, we need members to be reliably purchasing from us. We urge all members of the club to bear this in mind, as well as professional product support, price and quality when making your own buying decisions.

Another challenge we are increasingly facing, comes from the suppliers themselves who, as they merge, buy each other out and often become international-ised, can struggle to stay focussed on New Zealand Markets. We have seen the removal of some very good (but small volume) products from the market, and we (like you) are frustrated by more and more product supply issues – despite our best attempts to predict and forward order stock. What we are seeing, however is the emergence of several smaller locally owned companies that are very successfully entering the market with a more local focus and relevant new products.

After this year, the veterinary profession may follow a similar route. There are three or four large and prominent practices attempting to dominate the New Zealand landscape, but they seem to be driven by their own desire for profit and status, rather than focussing on the best interests of their local clients. As a result, around the country, small splinter practices are being set up (often by former vet employees disaffected by the corporate broad brush approach), and making a significant impact. Clutha Vets must walk the fine line between these two – large enough to offer comprehensive services and great prices (as confirmed by independent surveys of many practices), but small enough to form valuable, personal relationships, with you – our owners and clients.

Finally, it falls to the EMG to offer three votes of thanks. First, to all the staff of Clutha Vets, who individually and collectively care about you and your businesses, as well as your animals. It is their enthusiasm and dedication to you and to Clutha Vets that drives each one of the Club's successes. Second, to all the members of the Clutha Veterinary Association, for taking an active interest, and all of the support you have offered your Vet Club in the past twelve months. Our ongoing strength is dependent upon it, and we will continue to work hard to earn it. Third, we wish to thank your elected Directors, who continue to govern the association with wisdom and insight. Special mention must be made to Charles Macfie who in November 2014 stepped down after many years on the Board, the last four of which were in the chair. Through that period, Charles guided and supported the establishment of the club's EMG structure, which we believe has served your interest well. He has been replaced in the chair by Steven Bamford, who has continued the high level of commitment to taking Clutha Vets successfully into our next phase.

Jason Darwen  
Rob Mills  
Hamish Moore  
John Smart  
Sid Taylor  
Executive Management Group (EMG)

**CLUTHA VETERINARY ASSOCIATION (INC.)**

**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE 12 MONTHS TO 30 JUNE 2015**

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Sales of Veterinary Services and Animal Health Products		15,883,908	15,738,808
<b>Less Cost of Sales</b>			
Opening Stock		1,441,722	1,566,631
Purchases		9,207,284	9,275,143
		-----	-----
		10,649,006	10,841,774
Less Closing Stock		1,463,184	1,441,722
		-----	-----
<b>Cost of Sales</b>		9,185,822	9,400,052
Members Discounts		1,088,385	1,036,886
		-----	-----
<b>GROSS PROFIT</b>		5,609,691	5,301,870
<b>Plus</b>			
Other Operating Income	2	117,037	76,150
		-----	-----
		5,726,728	5,378,020
<b>Less</b>			
Operating Expenses & Overheads		1,017,938	982,175
Audit Fees		16,151	11,818
Salaries and Superannuation		3,921,368	3,642,610
Interest and Bank Fees		4,519	4,634
Scholarships and Bursaries		18,256	13,000
Depreciation	4	241,300	188,094
		-----	-----
		5,219,532	4,842,331
		-----	-----
<b>NET SURPLUS FOR THE YEAR</b>		<b>\$507,196</b>	<b>\$535,689</b>
		=====	=====

The accompanying notes form an integral part of these financial statements.

**CLUTHA VETERINARY ASSOCIATION (INC.)**

**STATEMENT OF MOVEMENTS IN EQUITY**

**FOR THE 12 MONTHS TO 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Equity at Beginning of Year	6,396,898	5,861,209
Plus Surplus for the Year	507,196	535,689
	-----	-----
Equity at End of Year	\$6,904,094	\$6,396,898
	=====	=====

The accompanying notes form an integral part of these financial statements.

**CLUTHA VETERINARY ASSOCIATION (INC.)**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>Equity</b>			
Balance 1 July 2014		6,310,607	5,774,918
Plus Surplus for the Year		507,196	535,689
Reserve Re SIDA Shares		86,291	86,291
		-----	-----
<b>TOTAL EQUITY</b>		<b>\$6,904,094</b>	<b>\$6,396,898</b>
		=====	=====
 <b>Represented By:</b>			
 <b>Non Current Assets</b>			
Property, Plant and Equipment	4	2,479,304	1,961,790
Investments	5	260,777	260,777
		-----	-----
		2,740,081	2,222,567
 <b>Current Assets</b>			
Cash and Short Term Deposits	3,796,924		4,422,801
Accounts Receivable		870,088	828,522
Inventories	6	1,463,184	1,441,722
Capital Works in Progress		579,459	190,725
		-----	-----
		6,709,655	6,883,770
<b>Less Current Liabilities</b>	7	2,545,642	2,709,439
		-----	-----
<b>Working Capital</b>		4,164,013	4,174,331
		-----	-----
<b>NET ASSETS AS PER TOTAL EQUITY</b>		<b>\$6,904,094</b>	<b>\$6,396,898</b>
		=====	=====

The accompanying notes form an integral part of these financial statements.

**CLUTHA VETERINARY ASSOCIATION (INC.)**

**STATEMENT OF CASH FLOWS**

**FOR THE 12 MONTHS TO 30 JUNE 2015**

<b>Cash Flows from Operating Activities:</b>	<b>2015</b>	<b>2014</b>
Cash was provided from:	<b>\$</b>	<b>\$</b>
Receipts from Customers	14,877,762	14,465,412
Interest Received	101,138	63,146
	-----	-----
	14,978,900	14,528,558
Cash was disbursed to:		
Payments to Suppliers	10,722,186	9,489,545
Payments to Employees	3,802,179	3,758,450
Interest Paid	214	22
	-----	-----
	14,524,579	13,248,017
	-----	-----
<b>Net Cash In Flows From Operating Activities</b>	<b>454,321</b>	<b>1,280,541</b>
<b>Cash Flows from Investing Activities:</b>		
Cash was provided from realisation of:		
Sale of Property Plant & Equipment	5,218	8,696
Investments	-	28,963
	-----	-----
	5,218	37,659
Cash was applied to purchase of:		
Property, Plant & Equipment	1,085,416	69,348
	-----	-----
	(1,085,416)	(69,348)
<b>Net Cash In Flows (Out Flows) From Investing Activities</b>	<b>(1,080,197)</b>	<b>(31,689)</b>
	-----	-----
Net Increase in Cash Held	(625,876)	1,248,852
Add Opening Cash brought forward	4,422,800	3,173,948
	-----	-----
<b>Ending cash carried forward</b>	<b>\$3,796,924</b>	<b>\$4,422,800</b>
	=====	=====

The accompanying notes form an integral part of these financial statements.

**CLUTHA VETERINARY ASSOCIATION (INC.)**  
**RECONCILIATION OF OPERATING CASH FLOWS**  
**WITH NET SURPLUS**  
**FOR THE 12 MONTHS TO 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	\$	\$
Net Surplus before and after taxation	507,196	535,689
Plus / (Less) Non cash Items		
Depreciation	241,300	188,094
Decrease/(Increase) in Receivables	74,559	(220,060)
Decrease/(Increase) in Stock on Hand	(21,462)	124,908
Increase/(Decrease) in Accounts Payable	(347,272)	651,910
	-----	-----
	(52,875)	744,852
	-----	-----
<b>Cash Flows from Operating Activities</b>	<b>\$454,321</b>	<b>\$1,280,541</b>
	=====	=====

The accompanying notes form an integral part of these financial statements.

# CLUTHA VETERINARY ASSOCIATION (INC.)

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 30 JUNE 2015

### 1. STATEMENT OF ACCOUNTING POLICIES

The Financial Statements presented here are those of the Clutha Veterinary Association (Inc.)

The Financial Statements have been prepared in accordance with the requirements of the Incorporated Societies Act 1908. Full disclosure financial statements have been included in this report.

#### Measurement Base

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on the historical cost basis are followed by the association except for the revaluation of freehold land and buildings.

#### Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

##### a. Accounts Receivable

Accounts Receivable are valued at expected realisable value after writing off those accounts expected to be irrecoverable. Bad debts are written off during the year in which they are identified.

##### b. Property, Plant & Equipment and Depreciation

Freehold land is recorded at either 1993 Government Valuation or at cost if purchased since 1993. Buildings are recorded at 1993 Insurance Indemnity Values (with subsequent additions at cost) less accumulated depreciation. All other assets are initially recorded at cost.

Depreciation is charged using the straight line method based on the economic lives of the assets with nil residual value. The following economic lives have been estimated:

Buildings	33 years
Plant and Equipment	3 - 10 years
Motor Vehicles	6 - 10 years
Office Equipment, Fixtures and Fittings	3 - 18 years

c. Inventories

Inventories are stated at the lower of cost, determined on a last cost basis; or net realisable value, after due allowance for damaged and obsolete stock. Inventories comprise veterinary consumables and finished goods for resale.

d. Taxation

The Clutha Veterinary Association is not liable for Income Tax as its income is exempt pursuant to Section CW 50(1) of the Income Tax Act 2007.

e. Goods & Services Tax

The Financial Statements have been prepared on a G.S.T. exclusive basis with the exception of Accounts Receivable and Accounts Payable which are stated inclusive of G.S.T.

f. Investments

Investments are recorded at cost or directors' valuation.

g. Activities

No material activities of the Association were discontinued during the year.

h. Impairment of Investments

At the end of each reporting period, Clutha Veterinary Association reviews the carrying value of its investments to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit for the year. Any impairment loss is reversed only to the extent that the assets carrying value does not exceed the carrying value that would have been determined if no impairment loss had been recognised.

i. Changes in Accounting Policies

There have been no significant changes in accounting policies since the date of the last financial report.

**2. Other Operating Income Includes:**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Interest Received	99,863	63,883

**3. Total Operating Revenue**

Total Operating Revenues for the period were	\$16,000,946	\$15,814,958
	=====	=====

**4. Property, Plant & Equipment**

<b>2015</b>	<b>Cost or Valuation</b>	<b>Deprn to date</b>	<b>Net Book Value</b>	<b>Deprn This Year</b>
Land & Buildings (Valuation)	2,867,348	1,083,705	1,783,643	84,584
Plant & Machinery (Cost)	598,395	444,185	154,210	42,504
Motor Vehicles (Cost)	783,457	442,757	340,700	68,879
Office Equipment (Cost)	475,894	331,869	144,025	32,722
Fixtures & Fittings (Cost)	157,224	100,498	56,726	12,611
	-----	-----	-----	-----
	\$4,882,318	\$2,403,014	\$2,479,304	\$241,300
	=====	=====	=====	=====

<b>2014</b>	<b>Cost or Valuation</b>	<b>Deprn to date</b>	<b>Net Book Value</b>	<b>Deprn This Year</b>
Land & Buildings (Valuation)	2,588,393	999,121	1,589,272	81,736
Plant & Machinery (Cost)	549,564	404,627	144,937	42,411
Motor Vehicles (Cost)	550,986	402,495	148,491	44,252
Office Equipment (Cost)	153,708	87,887	65,821	12,080
Fixtures & Fittings (Cost)	312,416	299,147	13,269	7,615
	-----	-----	-----	-----
	\$4,155,067	\$2,193,277	\$1,961,790	\$188,094
	=====	=====	=====	=====

The latest Quotable Value rating valuation of Land and Buildings dated 1 September, 2014 is \$1,680,000.

## 5. Investments

	2015	2014
	\$	\$
Unlisted Companies - Shares	1,280	1,280
Unlisted Companies – Unsecured Advance	254,497	254,497
Unlisted Companies – Debentures	5,000	5,000
	-----	-----
	\$260,777	\$260,777
	=====	=====

Investments in unlisted companies are recorded at the lesser of cost or directors' estimate of market value because fair value cannot be reliably measured.

The unsecured advance is to Combined Veterinary Services (Gore) Ltd. The Clutha Veterinary Association has a 26.67% interest in this veterinary practice operating in Gore. The unsecured advance is interest free subject to review by the directors and shareholders of Combined Veterinary Services (Gore) Ltd.

## 6. Inventories

Finished Goods	\$1,463,184	\$1,441,722
	=====	=====

No inventories are specifically and separately pledged as security for liabilities. Some inventories are subject to retention of title clauses.

## 7. Current Liabilities

	2015	2014
	\$	\$
Trade Creditors	1,300,530	1,521,893
Employee Entitlements	1,179,371	1,013,704
G.S.T. Payable	65,741	173,843
	-----	-----
Total Accounts Payable	\$2,545,642	\$2,709,440
	=====	=====

## 8. Secured Liabilities

The Association did not have any Secured Liabilities as at 30 June 2015.

## 9. Credit Risk

Financial instruments which potentially subject the Association to credit risk principally consist of bank balances and accounts receivable. The Association does not have any major accounts receivable the non payment of which would materially adversely affect the Association's financial position.

### **10. Contingent Liabilities**

The Clutha Veterinary Association has jointly guaranteed the rental payable by Combined Veterinary Services (Gore) Ltd. There are no other contingent liabilities as at 30 June 2015.

### **11. Capital Commitments**

Estimated capital expenditure contracted for at 30 June 2015 was \$2,799,786 (2014 \$245,677).

### **12. Subsequent Events**

The directors are not aware of any matter or circumstance since the end of the financial year, not otherwise dealt with in this report that has significantly, or may significantly affect the operation of the Clutha Veterinary Association (Inc.), the results of these operations, or the state of affairs of the Association.

### **13. Related Party**

Combined Veterinary Services (Gore) Ltd. is a related party. The Association has a 26.67% interest in the company and along with other shareholders has made interest free advances to the company. The amount of the advance is disclosed in the financial statements.

Along with the other shareholders the Association has jointly provided a guarantee covering the lease for the premises in Gore.

As at 30 June 2015 Messrs B A Lowery and G Love were the CVA appointed Directors of Combined Veterinary Services (Gore) Ltd.

# **CLUTHA VETERINARY ASSOCIATION (INC.)**

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Clutha Veterinary Association Inc.

We have audited the financial statements of the Clutha Veterinary Association Inc. on pages 19 to 28. The financial statements comprise the statement of financial position as at 30 June 2015, and the statement of financial performance, statement of movements in equity and statement of cash flows and reconciliation of operating cash flows with net surplus and notes to the financial statements for the year ended 30 June 2015.

### **Board's Responsibility for the Financial Statements**

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express to you an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Clutha Veterinary Association Inc's preparation and fair presentation of the financial statements 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 Clutha Veterinary Association Inc's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Clutha Veterinary Association Inc.

### **Opinion**

In our opinion the financial statements on pages 19 to 28 comply with generally accepted accounting practice in New Zealand and give a true and fair view of the financial position of Clutha Veterinary Association Inc. as at 30 June 2015, and of its financial performance for the year then ended.

**Shand Thomson Ltd**

**30 October 2015**

**Balclutha**

# NOTES