

CLUTHA VETERINARY ASSOCIATION INCORPORATED

109th Annual Report

FOR THE YEAR ENDED 30th JUNE, 2017

To be presented at the

ANNUAL GENERAL MEETING

to be held at the

**Clutha Veterinary Association premises
3 Wilson Road
Balclutha**

on

TUESDAY 14th November, 2017

at 8.00 p.m.

CLUTHA VETERINARY ASSOCIATION INCORPORATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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CLUTHA VETERINARY ASSOCIATION INCORPORATED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the One hundred and ninth Annual General Meeting of Members of the Clutha Veterinary Association Inc. will be held at the Balclutha Clinic, 2 Wilson Road Balclutha on Tuesday 14th November 2017 at 8:00 p.m.

Ordinary Business

1. To receive apologies.
2. To confirm the minutes of the previous Annual General Meeting held 24th November 2016.
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 S Bamford, P Dobbie and S Morrison retire by rotation in accordance with the Rules of the Association. Messrs Bamford, Dobbie and Morrison offer themselves for re-election.

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

S Bamford	(R Farquhar/R Ross)
P Dobbie	(R Sinclair/R McCallum)
S Morrison	(E Dick/J Reid)

5. To consider the reappointment of Audit Professionals 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 16 October 2017

CLUTHA VETERINARY ASSOCIATION INCORPORATED

PARTICULARS

Directors (as at 30 June 2017)

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

Registered Office

2 Wilson Road
BALCLUTHA

Milton Centre
106 Union Street
MILTON

Auditors

Audit Professionals

Bankers

Bank of New Zealand

Solicitors

O'Malley & Co.
Gallaway Cook Allan

CLUTHA VETERINARY ASSOCIATION INCORPORATED

Minutes of the 108th Annual General Meeting of Members of the Association held at the Balclutha Clinic situated at 3 Wilson Road Balclutha on Tuesday 15 November 2016 at 8.30 p.m.

PRESENT:

Mr S Bamford (Chairman) presided over an attendance of approximately 30 Members.

The Chairman welcomed members to the 108th Annual General Meeting.

APOLOGIES:

Catherine Copland, Hugh Collie, George Redditt, Mark Sheppard, Nigel McLachlan, John Neave, Sophie Pinckney, Todd Rowland, Dean Storer, Susie Corboy, Andy Gray, Hamish Anderson and Scott Smales. Apologies Sustained.

(Messrs R van Vugt /P NcNab)

MINUTES:

The minutes of the 107th Annual General Meeting were confirmed as a true and correct record.

(Messrs S Morrison /S Korteweg)

ANNUAL REPORT:

The Chairman requested that his report and the EMG report as printed in the annual report booklet be taken as read. In addition to his report the Chairman noted that the membership of the Association was reasonably steady at around 1,500 and that the year's activities had been dominated by the upgrade to the Balclutha Clinic. The Chairman also noted that the Board is undertaking a step-by-step strategic review of different aspects of the CVA business. The Lawrence Depot has had a much needed upgrade as part of a strategy to strengthen CVA presence in the Lawrence area. The Chairman also noted that a strong balance sheet is needed to enable such activities as upgrades of CVA premises to be undertaken. A comprehensive HSE policy has been developed by the EMG and is at the stage that it is ready for approval by the Board. With respect to auditing of the financial report the Chairman noted that Audit Professionals have been engaged for a term of three years subject to ongoing approval by members at each AGM. Finally staff were thanked for their efforts during a difficult year consequent to the disruptions caused by the upgrade to the Balclutha Clinic.

Rob Mills (Senior Veterinarian and EMG Member), endorsed the Chairman's comments with reference to the upgrade of the Balclutha clinic dominating management matters for the past 12 months and noted that a major growth area of the practice was the non-commercial area of providing client education. Rob on behalf of the EMG thanked all members and staff for their support of the CVA over the past 12 months.

The Chairman then proposed to move the adoption of the annual report.

Mr S Bamford (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 S Morrison (Senior Vice-Chairman CVA).

As adoption of the reports had been moved and seconded the Chairman then asked for any questions from the floor with respect to the Annual Report.

The change of auditor was discussed and management noted that from their perspective a different audit approach had been adopted which was an interesting experience.

Further to a question from the floor the nature of the discounts which had been granted to members, which totalled just under \$1 million over the reporting period and which left reported profit at approximately 2% of turnover was discussed in terms of competitiveness of pricing vis-a-vis other supply organisations. The meeting was advised that the Board was conscious of the need to retain sufficient funds to keep the business viable and that in the past year many veterinary practices, particularly those that were not such "mixed practices" as the CVA had incurred losses during similar reporting periods.

There being no further questions the Annual Report was then adopted by the meeting.

ELECTION OF THREE MEMBERS TO THE BOARD:

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

G Shaw	(B Stark/L Mancer)
R van Vugt	(S Bouma/S Smales)
T Homer	(D Murray/B Lowery)

The Chairman took the opportunity to thank in her absence Mrs Mary Munro who was not standing for re-election to the Board for her 12 years' service to the CVA and for her insights provided during that time.

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:

It was moved that Audit Professionals be confirmed as auditors for the ensuing year.

(Messrs C Macfie/M Elliot)

GENERAL BUSINESS:

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

In response to a question from the floor with respect to the upgrade of the Balclutha Clinic Mr John Smart (Senior Veterinarian and EMG Member), advised the meeting that while the project was expected to run approximately 50% over budget in terms of time taken to completion, the project was tracking in line with budget in terms of cost. Mr Smart, who has been actively supervising the project, expressed the view that the main contractors have provided a "top quality job" and gave an example of this to the meeting. Mr Smart also explained to the meeting that an architect had not been employed in a supervisory position but that a project manager "Signature Properties" had been employed to oversee the redevelopment and this approach appeared to have worked very well.

Mr Smart was thanked by the Board on behalf of members for his large contribution to the redevelopment of the Balclutha clinic.

The Chairman informed the meeting that the Board had been kept well informed during the progress of the redevelopment, largely but not exclusively, by way of a monthly progress report tabled at Board Meetings.

There being no further business the meeting then closed at 8.57 pm.

Supper then followed.

Confirmed as a True and Correct Record.

.....Chairman

.....Date

CLUTHA VETERINARY ASSOCIATION INCORPORATED

STAFF AS AT 30 June 2017

Balclutha Centre

Veterinarians

John Smart, B.V.Sc.

Jason Darwen, B.V.Sc.

Rob Mills, B.V.Sc. (Hons), MSc (Dist)

Hamish Moore, B.V.Sc.

Annie Jackson, B.V.Sc.

Catherine Copland, B.V.M.S.

Peter Heslip, B.V.Sc., M.V.M., MACVSc.

Steven Butler, B.V.Sc.

Elsbeth Geddes, B.V.Sc., B.Ag.Sc.

Bevan Topham, B.V.Sc.

Ruth Andrews, B.V.Sc.

Bridget Mason, B.V.Sc.

Anna Burrell, B.V.Sc.

Martha O'Connor, M.V.B.

Rural Animal Technicians

Kim Bastiaansen, Cert VN, Dip RAT

Sarah Morahan, Cert. Rural Animal Technology

Marc McElrea

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 VN

Michelle Powell, Cert VN, Cert RAT

Connie Waddingham, Cert VN

Balclutha Centre (Cont'd)

Administration

Sue McNutt

Sharron West, Cert. V.N.

Shona Bennet

Debbie Mills

Mary Bennett

Kirsten Findlay

Milton Centre

Veterinarians

Peter Kalb, B.V.Sc.

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

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., (Epidemiology)

Marek Misiewicz, B.Sc., B.V.M.S.

Tom Wallbank, B.V.M & S (Hons)

Rural Animal Technicians

Louise Oldham, Cert. Rural Animal Technology

Carol Adams, Cert. Rural Animal Technology

Small Animal Clinic

Gaynor Finch, Cert. V.N.

Tracy Cullen, Cert. V.N.

Erin Pellett

Administration & Retail

Nathan Cornish

Kathleen Stanley

Sharni Bichan

Clydevale Depot

Gary Beaumont – Store Manager

CHAIRMAN'S REPORT

Chairman's 109th Annual Report

It is with pleasure that I welcome you to the 109th Annual General Meeting of the Clutha Veterinary Association.

What a difference a year can make in the primary sector. A much needed turn around for the dairy industry and solid returns for the sheep, beef and deer sectors have seen farmers catching up on deferred expenditure. Sadly wool continues to struggle to cover its cost of production. It is hard to understand and accept how a natural product like wool is not recognised for its benefits in this day and age of consumer environmental awareness.

The past twelve months have been extremely quiet for the Board in comparison to the previous 12 months where our focus at each Board meeting was the progress of the building. This year we have been supporting the EMG in their quest for staff replacements and various other matters where there is a direct link between governance and management.

The membership of the Clutha Veterinary Association is currently 1,500.

Financial

The past 12 months has seen Clutha Vets achieve a turnover of \$15,218,233.

As in previous years we have returned a significant sum of money to the members via the prompt payment discount system. As well as that we have been able to pay an additional discount to the members totalling \$100,000. This is on the back of operating cash flows for the year of \$748,340 some of which we have earmarked for resolving some long standing issues with the Milton redevelopment that was undertaken three years ago.

Buildings

This year saw the completion of the Balclutha premise upgrade. With staff and a small group of members the building was formally opened by Mr Bruce Bissett (previous CEO of Clutha Vets) on the 20th April. A refurbished building assists the practice in attaining and retaining high level professionals. We continue to attract some of the sector leading Vets that provide the quality service that our members receive.

EMG

On behalf of the Board I would like to recognise and thank the EMG for the past 12 months of work. The work that the EMG undertakes is pivotal in the smooth running of the Clutha Vets practice. The members of the EMG not only contribute in this way but also in clinical practice. We appreciate that this is challenging however, they tirelessly support the business and aim to meet financial and operational targets.

Staff

Every part of the Primary sector is faced with the challenges of sourcing and retaining staff, and Veterinary practices are not immune to this. This year we have seen the normal comings and goings of staff, and while it is not the Board's prime role to be involved with these we would like to acknowledge the retirement of Kathleen Stanley after working for Clutha Vets for almost 30 years. As I mentioned earlier in this report staff replacement, particularly for vets is something the EMG are continually working on and we are confident that the Balclutha clinic refurbishment is definitely a draw card when prospective employees are considering their vet career and location.

Auditor

This year the Clutha Veterinary Association was audited by Audit Professionals Ltd. A number of recommendations were presented upon the completion of this process. The Board has been able to adopt many of these recommendations, ensuring we adhere to best practise in our financial management systems.

Community Contribution

We believe it is important for a local business of this size to continue to support the community through sponsorship and scholarships. To this end in the past year we have contributed back to the community through sponsorships and donations approximately \$25,000 to a variety of individuals, organisations and causes. Many of which will be groups that our members are associated with. This is very much a part of the co-operative culture.

Combined Veterinary Services

CVS continues to grow and strengthen. Bruce Lowery and Grant Love have

again represented Clutha Vets interests in this business and we thank them for the time and commitment they invest on our behalf.

Conclusion

Clutha Vets continue to pride itself on providing top quality and current best practice animal health services, advice and products to members and the community, 24 hours a day, seven days a week. The dedication and commitment from the staff to ensure that this happens is deeply appreciated by the Board and the members.

I would like to acknowledge and thank all the members of the Board for their time and commitment they give in representing the members' interests. Members can be confident in the skill and professionalism of the people that you have elected to the Board and the work that they do on your behalf.

The contribution that Lee McAuslan, our Board Secretary, makes to the business is invaluable. Lee's knowledge, wisdom and independent view of matters that arise is much appreciated. We extend our sincere thanks to Lee.

We look forward to a solid year ahead and look forward to continuing the positive work we have been doing with the EMG.

Yours sincerely

A handwritten signature in cursive script that reads "S. D. Bamford".

Steven Bamford
Chairman.

EXECUTIVE MANAGEMENT GROUP REPORT FOR 2016-2017

The 2016-2017 year was entered with a moderate amount of caution from a business perspective. Producer prices, especially dairy prices, were under pressure while a production animal health service is somewhat less vulnerable than other services as most farmers consider animal health inputs as an investment or a necessity. Some service / products, especially in the dairy sector, could be held back on. As the season progressed better prices for producers became evident and goods and services were once again in demand. The year then finished on a sound financial position.

Staffing levels overall, remained at the same level. Management continued to be on the lookout for potential quality “good fit” veterinary and support staff. Kim Bastiaansen started at Clutha as senior technician in August and has thrived in the role. Sharni Bichan replaced Anita Girvan on reception at Milton, who left for family reasons.

Veterinarian Isobel Topham resigned to take on her masters studies in a full time capacity. Tom Wallbank joined us as an experienced clinician in Milton in October, from Wales via the Hawkes Bay and has shouldered a significant work load.

The improvement in trading conditions made it clear that vet staffing levels would need to increase. Anna Burrell joined as a new graduate from Massey in January. Part time working employment contracts increased amongst vets as some vets requested this to accommodate family/work balance. By the end of the period active vet recruiting was becoming a priority for these reasons and also due to increased demand for services.

On infrastructure 2016-2017 was a very significant year in that the Balclutha site refurbishment was completed. While this went well over time to complete, it was completed under the budget of \$3.2 million. Financially the result is a “top notch” facility, enjoyable to work in. John Smart (EMG) took the lead role in this project and this result is yet another significant achievement in his forty year long veterinary career at Clutha Vets. Fittingly the official opening was performed by the former CEO Bruce Bissett.

Looking forward to 2017 - 2018 the significant challenges are; veterinary staffing levels, continuing to provide a top quality veterinary service to members and the wider community in the Clutha Vets catchment area and continuing to develop services for farmer uptake that enhance farm profitability.

Sid Taylor

On behalf of the Executive Management Group
(Jason Darwen, Rob Mills, Hamish Moore, John Smart, Sid Taylor)

CLUTHA VETERINARY ASSOCIATION INCORPORATED

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		\$	\$
Revenue			
Sales of Veterinary Services and Animal Health Products		15,218,323	14,841,258
Less Cost of Sales			
Opening Stock		1,282,428	1,463,184
Purchases		8,839,097	8,490,594
		-----	-----
		10,121,525	9,953,778
Less Closing Stock		1,321,581	1,282,428
		-----	-----
Cost of Sales		8,799,944	8,671,350
Members Discounts		1,094,646	1,078,262
		-----	-----
GROSS PROFIT		5,323,733	5,091,646
Plus			
Other Operating Income	2	51,274	76,903
		-----	-----
		5,375,007	5,168,549
Less			
Operating Expenses & Overheads		933,002	916,618
Audit Fees		11,500	11,668
Salaries and Superannuation		3,808,728	3,748,406
Bank Fees and Interest		5,982	4,564
Scholarships and Bursaries		7,950	9,000
Depreciation	4	318,880	277,399
		-----	-----
		5,086,042	4,967,655
		-----	-----
NET SURPLUS FOR THE YEAR		\$288,965	\$200,894
		=====	=====

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

CLUTHA VETERINARY ASSOCIATION INCORPORATED

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Equity at Beginning of Year	7,104,988	6,904,094
Surplus for the Year	288,965	200,894
	-----	-----
Equity at End of Year	\$7,393,953	\$7,104,988
	=====	=====

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

CLUTHA VETERINARY ASSOCIATION INCORPORATED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
Equity			
Balance 1 July 2016		7,018,697	6,817,803
Surplus for the Year		288,965	200,894
Reserve Re SIDA Shares		86,291	86,291
		-----	-----
TOTAL EQUITY		\$7,393,953	\$7,104,988
		=====	=====
Represented By:			
Non Current Assets			
Property, Plant and Equipment	4	5,087,744	2,263,457
Capital Work in Progress	4	-	2,372,563
Investments	5	260,777	260,777
		-----	-----
		5,348,521	4,896,797
Current Assets			
Cash and Short Term Deposits		2,275,929	2,290,885
Accounts Receivable		1,162,369	870,919
Inventories	6	1,321,581	1,282,428
		-----	-----
		4,759,879	4,444,232
Less Current Liabilities			
Accounts Payable	7	2,714,447	2,236,041
		-----	-----
Working Capital		2,045,432	2,208,191
		-----	-----
NET ASSETS AS PER TOTAL EQUITY		\$7,393,953	\$7,104,988
		=====	=====

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

CLUTHA VETERINARY ASSOCIATION INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

Cash Flows from Operating Activities:	2017	2016
Cash was provided from:	\$	\$
Receipts from Customers	13,850,485	13,848,667
Interest Received	4,092	26,522
Net GST Received	84,664	13,317
	-----	-----
	13,939,241	13,888,506
 Cash was disbursed to:		
Payments to Suppliers	9,533,600	9,493,347
Payments to Employees	3,655,455	3,913,068
Interest Paid	1,846	144
	-----	-----
	13,190,901	13,406,559
	-----	-----
Net Cash In Flows From Operating Activities	748,340	481,947
 Cash Flows from Investing Activities:		
Cash was provided from:		
Sale of Property Plant & Equipment	-	24,348
	-----	-----
	-	24,348
 Cash was applied to:		
Purchase of Property, Plant & Equipment	763,296	140,576
Capital Work in Progress	-	1,871,758
	-----	-----
	(763,296)	(2,012,334)
Net Cash (Out Flows) to Investing Activities	(763,296)	(1,987,986)
	-----	-----
Net (Decrease) in Cash Held	(14,956)	(1,506,039)
Add Opening Cash brought forward	2,290,885	3,796,924
	-----	-----
Ending cash carried forward	\$2,275,929	\$2,290,885
	=====	=====

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

CLUTHA VETERINARY ASSOCIATION INCORPORATED

RECONCILIATION OF OPERATING CASH FLOWS

TO THE NET SURPLUS

FOR THE YEAR ENDED TO 30 JUNE 2017

	2017	2016
	\$	\$
Net Surplus before and after taxation	288,965	200,894
Plus / (Less) Non cash Items		
Depreciation	318,880	277,399
Decrease/(Increase) in Receivables	(273,193)	(830)
Decrease/(Increase) in Stock on Hand	(39,153)	180,755
Increase/(Decrease) in Operating Accounts Payable	452,841	(176,271)
	-----	-----
	459,375	281,053
	-----	-----
Cash Flows from Operating Activities	\$748,340	\$481,947
	=====	=====

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

CLUTHA VETERINARY ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF ACCOUNTING POLICIES

The Financial Statements presented here are those of the Clutha Veterinary Association Incorporated.

The Financial Statements have been prepared in accordance with the requirements of the Incorporated Societies Act 1908 and are special purpose for the members of the Association.

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, including 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. Revenue Recognition

Revenue from sales of retail merchandise is recognised when the merchandise is delivered to the customers at the fair sale of consideration received or receivable.

Revenue from sales of veterinary services is recognised when the services are rendered.

All other incomes are recognised in the period in which they incurred.

b. 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.

c. Property, Plant & Equipment and Depreciation

Freehold land is recorded at either 1993 Government Valuation or at cost if purchased after 1993. Buildings are recorded at 1993 Insurance Indemnity Values (with subsequent additions at cost) less accumulated depreciation and impairment losses. All other assets are initially recorded at cost, and subsequently measured at cost less accumulated depreciation and impairment losses.

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

d. Capital Work In Progress

Capital work in progress comprise construction of property development that has not been completed for use at balance date. These are not depreciated until the project is completed and the assets are commissioned for use.

e. 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.

f. Income Tax

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.

g. Goods & Services Tax (GST)

The Association is registered for G.S.T.

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.

h. Cash and Short Term Deposit

Cash and short term deposits in the Statement of Cash Flows comprise cash and bank balances (including short term deposits) with original maturities of 90 days or less.

i. Investments

Investments are recorded at cost less any impairment losses.

j. Employee Entitlements

These include salaries and wages accrued up to balance date, annual leave and long service leave earned but not taken at balance date, and bonuses. The Association recognises a liability and an expense for bonuses it is contractually obliged to pay or where a past event has created constructive obligation.

k. Activities

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

l. Impairment of Investments

At the end of each reporting period, the 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.

m. 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

	2017	2016
	\$	\$
Interest Received	4,054	26,214
Advertising Subsidies	37,107	43,285
Commissions	10,113	7,404
	-----	-----
	\$51,274	\$76,903
	=====	=====

	2017	2016
	\$	\$
3. Total Operating Revenue		
Total Operating Revenues for the year	\$15,269,597	\$14,918,161
	=====	=====

4. Property, Plant & Equipment

	Cost or	Accumulated	Net Book	Depreciation
2017	Valuation	Depreciation	Value	This Year
Land & Buildings (Valuation)	5,913,175	1,313,526	4,599,649	141,435
Plant & Machinery (Cost)	656,545	499,287	157,258	41,254
Motor Vehicles (Cost)	798,869	553,956	244,913	67,842
Office Equipment (Cost)	483,984	440,650	43,334	54,592
Fixtures & Fittings (Cost)	169,934	127,344	42,590	13,757
	-----	-----	-----	-----
	\$8,022,507	\$2,934,763	\$5,087,744	\$318,880
	=====	=====	=====	=====

In 2017 there is \$3,043,233 additions for the Balclutha Clinic refurbishment of which \$2,372,563 was capital work in progress in 2016.

	Cost or	Accumulated	Net Book	Depreciation
2016	Valuation	Depreciation	Value	This Year
Land & Buildings (Valuation)	2,869,942	1,172,091	1,697,851	88,386
Plant & Machinery (Cost)	605,805	458,033	147,772	45,695
Motor Vehicles (Cost)	755,173	486,114	269,059	76,593
Office Equipment (Cost)	480,785	386,058	94,727	53,636
Fixtures & Fittings (Cost)	167,635	113,587	54,048	13,089
	-----	-----	-----	-----
	\$4,879,340	\$2,615,883	\$2,263,457	\$277,399
	=====	=====	=====	=====

The latest Quotable Value rating valuation of Land and Buildings dated 1 September 2015 is \$1,680,000 which was before the major Balclutha Clinic refurbishment in 2015 to 2017. The properties are not written down to this value as the book value of \$4,599,649 will be recovered from future use.

5. Investments

	2017	2016
	\$	\$
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 shares are held in Combined Vet Services (Gore) Limited. The Association has a 26.67% interest in the veterinary practice operating in Gore. The unsecured advance is to Combined Vet Services (Gore). The unsecured advance is interest free subject to review by the directors and shareholders of Combined Vet Services (Gore) Limited. The debentures are held in Ethical Agents Veterinary Marketing Limited.

6. Inventories

	2017	2016
	\$	\$
Finished Goods	\$1,321,581	\$1,282,428
	=====	=====

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

7. Accounts Payable

	2017	2016
	\$	\$
Trade Creditors	1,211,012	974,309
Owing for property redevelopment	136,108	132,342
Employee Entitlements	1,203,605	1,050,332
G.S.T. Payable	163,722	79,058
	-----	-----
Total Accounts Payable	\$2,714,447	\$2,236,041
	=====	=====

8. Secured Liabilities

The Association did not have any Secured Liabilities as at 30 June 2017 (2016: Nil).

The Association has an overdraft facility of \$1,000,000 with BNZ Bank (2016: \$1,000,000) which remains undrawn at balance date. The facility is secured over first mortgage over property at 2-6 Wilson Road, Balclutha and a perfected security interest in all present and acquired property of the Association.

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 Vet Services (Gore) Limited. No loss is anticipated from this guarantee. There are no other contingent liabilities as at 30 June 2017.

11. Capital Commitments

Estimated capital expenditure committed to be spent at 30 June 2017 was \$Nil (2016 \$750,198).

12. Operating Commitments

The Association entered into several operating leases for printers, EFTPOS machines and a blood analysing machine. The amount committed under the leases at balance date are:

	2017	2016
Less than one year	53,195	16,583
Between one to five years	200,016	36,376
	-----	-----
	\$253,211	\$52,959
	=====	=====

13. 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 Incorporated, the results of these operations, or the state of affairs of the Association.

14. Related Party

Combined Vet Services (Gore) Limited 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.

The Directors received board honorarium and reimbursements totalling \$30,170 (2016 \$32,590) for the year.

As at 30 June 2017 Messrs B A Lowery and G Love are the Association appointed Directors of Combined Vet Services (Gore) Limited.

CLUTHA VETERINARY ASSOCIATION INCORPORATED



INDEPENDENT AUDITOR'S REPORT

To the Members of Clutha Veterinary Association Incorporated

Our Opinion

We have audited the financial statements of the Clutha Veterinary Association Incorporated (the Association) which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of movements in equity and statement of cash flows for the year then ended, and notes to the financial statements that include a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects. The financial position of the Association as at 30 June 2017 and its financial performance and its cash flows for the year ended on that date in accordance with the stated accounting policies in Note 1 to the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditors we have not relationship with, or interests in, the Association.

Information Other than the Financial Statements and Auditor's Report

Other information include with the financial statements comprises the notice of annual general meeting, Association particulars, minutes, staff directory, Chairman's report and Executive Management Group report. The Directors are responsible for this other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We are required to report any misstatement of other information, we have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The Directors are responsible, on behalf of the Association, for the preparation and fair presentation of the financial statements in accordance with the accounting policies adopted by the Association and for such internal controls as the Directors determine are 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 Directors are responsible, on behalf of the Association, for assessing the Association's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities 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 conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board website:

[https://xrb.govt.nz/Site/Auditing Assurance Standards/Current Standard/Page8.aspx](https://xrb.govt.nz/Site/Auditing%20Assurance%20Standards/Current%20Standard/Page8.aspx)

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to provide an account of the financial activities of the Association during the year and as a result may not be suitable for any other purpose. This report is made solely to the Association’s Directors as a body. Our audit work has been undertaken so that we might state to the Directors those matters which we are required to state in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Directors, as a body, for our audit work, for this report or for the opinions we have formed.



Chartered Accountants
20 October 2017

Dunedin

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