

**CLUTHA VETERINARY ASSOCIATION INCORPORATED**

*108th Annual Report*

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE, 2016**

**To be presented at the**

**ANNUAL GENERAL MEETING**

**to be held at the**

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

**on**

**TUESDAY 15<sup>th</sup> November 2016**

**at 8.00 p.m.**

# **CLUTHA VETERINARY ASSOCIATION INCORPORATED**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2016**

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# CLUTHA VETERINARY ASSOCIATION INCORPORATED

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the One hundred and eighth Annual General Meeting of Members of the Clutha Veterinary Association Inc. will be held at the Clutha Veterinary Association Premises situated at 3 Wilson Road, Balclutha on Tuesday 15<sup>th</sup> November 2016 at 8:00 p.m.

### Ordinary Business

1. To receive apologies.
2. To confirm the minutes of the previous Annual General Meeting held 24<sup>th</sup> November 2015.
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. Mrs M Munro, Mr G Shaw and Mr R van Vugt 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:

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

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 17 October 2016

# **CLUTHA VETERINARY ASSOCIATION INCORPORATED**

## **PARTICULARS**

### **Directors (as at 30 June 2016)**

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**

Audit Professionals

### **Bankers**

Bank of New Zealand

### **Solicitors**

O'Malley & Co.  
Gallaway Cook Allan

## **CLUTHA VETERINARY ASSOCIATION INCORPORATED**

**Minutes** of the 107<sup>th</sup> Annual General Meeting of Members of the Association held at the Rosebank Lodge, Balclutha on Tuesday 24 November 2015 at 8.30 p.m.

### **PRESENT:**

Mr S Bamford (Chairman) presided over an attendance of approximately 28 Members.

The Chairman welcomed members to the 107<sup>th</sup> Annual General Meeting.

### **APOLOGIES:**

Ken Harrex, Sid Taylor, Scott Smales, Mark Field, and Mark Shaw.

Apologies Sustained.

(Mrs M Munro /Mr S Morrison)

### **MINUTES:**

The minutes of the 106<sup>th</sup> Annual General Meeting were confirmed as a true and correct record.

(Messrs P McNab/P Dobbie)

### **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 the membership of the Association was now in excess of 1500 and that he was heartened by the quality of the staff employed by the CVA. The Chairman also noted that when he joined the Board the turnover of the Association was approximately \$9 million and the fact that this turnover had now increased to approximately \$16 million indicated the need for the redevelopment of the Balclutha clinic that was currently underway. The Chairman noted that the annual 360° review of the performance of the Executive Management Group had gone well and the EMG were thanked for their work in managing the business of the CVA the past year.

Rob Mills (Senior Veterinarian and EMG Member), invited those attending for any feedback on the changed method of distribution of the annual report implemented this year. Rob gave a verbal précis of the EMG report as published in the annual report.

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

The increase in audit fees as disclosed in the annual report was queried from the floor and was suggested that the Board look at obtaining tenders for the annual audit. It was noted that there was some additional audit work required in respect of the 2014 financial year in relation to stock and that some of the cost of this had flowed into the 2015 financial year.

A query was raised as to the nature of Employee Entitlements as disclosed in note 7 of the financial statements. It was explained that this item included PAYE, staff holiday pay entitlements, provision for staff bonuses and current and deferred EMG remuneration.

Given the current outlook for the dairy sector the adequacy of bad debt provisioning was queried. Management responded that currently there was only one client owing an amount which was of concern and that management were in weekly contact with this client. It was also noted that debtors are considered by the Board each Board Meeting.

There being no further questions 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).  
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:

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

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 Shand Thomson be confirmed as auditors for the ensuing year.

(Messrs S Morrison/G Shaw)

Discussion then ensued as to whether Shand Thomson should be confirmed as auditors for the ensuing year at the meeting or whether it was appropriate for the Board, in light of the discussion that had taken place earlier in the meeting, to further consider the process for the appointment of an auditor.

Following this discussion the motion "that Shand Thomson be confirmed as auditors for the ensuing year" was withdrawn by the proposers.

**RESOLVED:** that the appointment of an auditor for the ensuing year be further investigated by the Board and an appointment be subsequently made.

(Messrs M Elliot/S Korteweg)

It was further noted that there had not been any rotation of audit partner by the association's current auditors in recent years.

**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 Mr R Mills (Senior Veterinarian and EMG Member), advised the meeting that there were a number of veterinary staff with specialist skills in respect of mastitis treatment. However consideration would be given by management to some staff obtaining "Accredited Mastitis Investigator" status to assist with demerit relief for clients where appropriate.

The Chairman invited members present to discuss with Management or any Board Member the nature of any services that members felt could be provided in addition to those currently provided by the Association.

Mr J Smart (Senior Veterinarian and EMG member), was thanked for his efforts in progressing the redevelopment works currently underway at Balclutha.

Members were invited to comment on the changed distribution process for the annual report.

There being no further business the meeting then closed at 9:05 pm.

Supper then followed.

Confirmed as a True and Correct Record.

.....Chairman

.....Date



# **CLUTHA VETERINARY ASSOCIATION INCORPORATED**

## **STAFF AS AT 30 June 2016**

### **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.

Hanna Loeffler (Locum), B.V.Sc.

### **Rural Animal Technicians**

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

Sharron West, Cert. V.N.

Shona Bennet

Debbie Mills

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.

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

### **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.

### **Administration & Retail**

Nathan Cornish

Kathleen Stanley

Anita Girvan

### **Clydevale Depot**

Gary Beaumont – Store Manager

# CHAIRMAN'S REPORT

## Chairman's 108<sup>th</sup> Annual Report

It is with pleasure that I welcome you to the 108<sup>th</sup> Annual General Meeting of the Clutha Veterinary Association.

It has been another challenging 12 months in the farming industry. The dairy pay-out has been low but is now showing signs of recovery. After great promises of good returns for lamb 12 months ago we have experienced disappointing returns instead. Beef and venison has been strong performers in the farming sector of late.

The membership of the Clutha Veterinary Association is currently 1,488.

In addition to the normal monthly functions the Board is tasked with we have undertaken three major pieces of work during the past 12 months.

- Balclutha Clinic Upgrade
- Commenced a full strategic review of the CVA business
- Lawrence Depot upgrade

### Financial

The past 12 months has seen the Clutha Vets achieve a turnover of \$14,841,258. The financial surplus for the year of \$200,894.

With such a challenging year it is pleasing result as we have also been able to return \$978,262 in prompt payment discounts and pay an additional discount to members of \$100,000. By having a mixed practice operation we have been able to capitalise on this as one of our strengths. Therefore, whilst weathering a downturn in one sector has not led us to be vulnerable in the overall business sense all the while providing top quality service and product to all of our community.

### Premises upgrade

This year we have seen the nearing completion of the Balclutha premises upgrade. It has taken a lot longer than anticipated to complete this work. The pleasing thing for the Board is that the work has stayed within the budget set out for this project.

It has been a large undertaking to redevelop the building whilst still operating the day to day business. John Smart has been responsible for overseeing the redevelopment project on behalf of the Board and the Board expresses great gratitude to him for his effort on this. He has gone above and beyond the job description of a Vet by spending extra hours and weekends at the premises to assist in this work.

### Staff

The staff of the Balclutha Practice have endured a difficult year whilst the building upgrade has been undertaken. They have continued to provide all of our members and customers with the highest standard of professionalism as this has occurred. It is a credit to their hard work that we are able to continue to operate the business in conjunction with the building works for which the Board members appreciate.

All staff throughout the Clutha Vet business have worked tirelessly this year to stay up to date with latest product and service developments in the industry in a bid to provide the best service to you, our members.

Staff are the key to the Clutha Vets business and one of the reasons for the building redevelopment was to attract and retain top quality staff with the modern facilities being a drawcard for prospective employees. We know the current staff also appreciate the upgrade.

In addition, the EMG continues to function at the highest level. They are dedicated to the smooth running of the business. As staff with key areas of responsibility they report to the Board regularly, keeping Board members fully informed of successes and challenges that are being experienced in the everyday running of the business. Rob Mills has a pivotal role on the EMG as he is the liaison between the EMG and Board and I would like to thank him for his commitment and professionalism in this role.

### Community Contribution

We continue to be involved in the South Otago Community. We have sponsored and provided donations to a number of events in the district including dog trials, winter brassica competitions and the Toko A & P Society to name a few. Our most recent sponsorship is to partly fund the vehicle for the Cross Recreation Centre in conjunction with other local businesses. Whilst not directly related to farming this is important as those using the facilities are in large part rural and/or small animal clients that we support directly with our business.

## Combined Veterinary Services

This year has seen Bruce Lowery and Grant Love continue in representing the Clutha Vets Board on the Board of Combined Vet Services (Gore) Limited. This practice continues to grow, having now opened a depot in Heriot. CVS continues to meet the demand of the wider district in providing services and products to those new and existing clients.

## Auditor

Shand Thomson informed us last year they would no longer be providing audit services. The Board called for expressions of interest for our audit business and duly engaged Audit Professionals Ltd to complete the 2016 audit.

## Conclusion

Clutha Vets continue to pride itself on providing top quality and up-to-date animal health services, advice and products to members and the community, 24 hours a day, seven days a week.

This is your business and with you continuing to choose Clutha Vets as your preferred animal health provider it allows us to continue to have top quality staff and state of the art equipment and technology, which in turn this enables Clutha Vets to add value to your business.

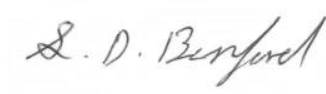
Thank you to the members of the Board Executive – Stewart Morrison, Garth Shaw and Bruce Lowery for continued loyal support over the past 12 months. I extend my gratitude to all Board members for your contribution and dedication to the Board. Your support is valued as we strive to continue doing our best for all members.

Our Board Secretary, Lee McAuslan, remains a key member of team, he has again displayed the highest level of professionalism in giving advice and support to all of the Board members, thank you Lee for your continued work with us this year.

Directors retiring by rotation this year are Garth Shaw. Rob van Vugt and Mary Munro. Whist Garth and Rob are available for re-election Mary has chosen to step down. Mary has served on the Board for 12 years and has been a respected and highly valuable member to the Clutha Vets Board. We thank Mary for her time and contribution over these years.

As mentioned; the EMG and the staff of Clutha Vets are one of our most valuable components of the business. I would like to thank all staff for the past 12 months of hard work and dedication to ensuring we meet the needs of the clients and look forward to working alongside and supporting you in the coming 12 months.

Yours sincerely

A handwritten signature in black ink that reads "S. D. Bamford". The signature is written in a cursive style with a large, sweeping 'S' and 'B'.

Steven Bamford  
Chairman.

# **EXECUTIVE MANAGEMENT GROUP REPORT FOR 2015-2016**

In a difficult financial climate, the 2015-16 year has been another positive one for the Clutha Veterinary Association. We have continued to provide a highly valued veterinary service to vet club members, managed to return a modest operating surplus, and have seen significant progress on the major upgrade to the Balclutha Clinic.

The companion animal hospital (stage 1) of the clinic redevelopment was completed in time for last year's AGM, and members who attended the meeting (and many other clients since) were impressed to see the amazing new facility. The new hospital has much better patient flow, as well as much more spacious and improved facilities, such as a dedicated radiography room for our new digital x-ray processor, surgical recovery kennels in view of the common work space, a sterile surgery with positive pressure air flow, best practice standard kennelling and a genuine isolation area for managing infectious disease. The purpose of all of these is to enable us to live out our purpose: 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 facilities have been complemented by the consolidation of our physical therapy and acupuncture services, and a move to "next generation" cruciate ligament repair techniques.

With the old small animal hospital vacated, work was able to start converting that area into our new administration office, staff toilets, pharmacy and farm animal lab downstairs, and adding on new vet offices, storage and staff room upstairs. This (particularly the removal of a 200 ton concrete floor slab, to make the whole ground floor of the building level) created a huge amount of noise, dust, draught, disruption and (particularly in the depths of winter) cold for our staff to endure. The retail and administration staff were most affected, but they maintained a huge amount of tolerance, patience and good humour throughout, and there was very little disruption to our ability to provide services to our clients. By the end of the year, the new internal walls were in place upstairs and down and the plumbers, electricians, mechanical engineers and other subbies were well through setting out their fittings; but we were accessing upstairs through a combination of temporary stairs, doorways, and holes knocked in walls.

The massive project has been funded from retained operating surpluses from years past, which in turn comes from your continued support of our services and products. Of our \$14.8M turnover in the 2015/16 year approximately 10%

came from farm animal service fees, 5% from small animal fees and 85% from retail sales. Of the retail sales, just 40% come from restricted veterinary medicines (RVMs), demonstrating our extremely competitive retail pricing and the value our clients place in the professional animal health advice that accompanies our over-the-counter (OTC) sales. The \$978k of prompt payment discount returned to members during the year, has been supplemented by \$100k of additional discount paid at the end of the year.

Deferred payment options were also offered on a range of products and services (notably sheep anthelmintic capsules, dairy reproductive work, dry cow therapy). In a very tight cash flow year, we view this as an added value of your membership of the vet club, using our strength to support your business. This is on top of our ability to match or beat the prices offered by various remote and online animal health traders on our quality animal health goods, and support those sales with sound research-based knowledge and advice suited to your farming system.

Our Clydevale store and retail depots have continued to go from strength to strength. In Lawrence our landlords (Win's Engineering) upgraded our retail display, RVM storage and office area to the point where we now offer a vet on site every Wednesday afternoon for production animal advice and consultations. The result has been a steady increase in the value of sales through the depot. Our other depots have also been trading solidly, and are a key part of our strategy to provide the services you need, where and when you need them, without unsolicited visitors coming up your drive.

The area of greatest growth this year in the services that we provide to members has probably been one from which we derived no income – that of client education seminars. In early July, we hosted “Farming Together” a day-long event with a series of high calibre speakers from around the country who addressed the audience on their own areas of expertise in sheep, beef and dairy farming. At the conclusion of the day we shared a meal, and Kevin Milne was an entertaining and thought-provoking after dinner speaker (especially his challenge to the wool industry in light of his promotion of nylon carpets!). This was followed by a series of events targeted at our sheep farmers on body condition scoring and winter feeding, including one to an all-women audience, led by Jillian Clark; our hosting of Neil Chesterton for an on-farm day and evening seminar on dairy cow lameness; Lloyd Smith speaking about training working dogs; and Jim Gibbs views and tips for feeding fodder beet, which drew a large crowd of dairy, sheep and beef farmers.

Clutha Vets also became involved in supporting rural mental health. We were major sponsors of the CDC-initiated visit of Mike King, who gave a number of



presentations on depression around the district; and we established links with the Rural Support Trust. This was one of the more visible public-good activities we undertook, there were numerous sponsorships of, and donations to a plethora of local organisations – school, sports clubs, service organisations and farming groups. We were proud to have a strong presence at the 150<sup>th</sup> Toko A&P Show in November.

Clutha Vets makes a significant contribution to several national programmes that help protect our market access. In many cases, rural veterinarians are the first eyes and ears on the ground watching out for exotic disease incursions. Our veterinarian Isobel Topham is about to embark on a Masters Degree research programme investigating a newly emerging syndrome - sciatic palsy – in dairy cattle. We continue to submit brains from sheep, deer and cattle to TSE (“mad cow disease”) surveillance. Clients who have suitable cases are welcome to contact us to assess them – testing the brains of these animals helps us to prove to our trading partners that these diseases do not occur in New Zealand. The practice is also part of MPI National Biosecurity Capability Network, ready to respond to any incursion. Finally, we are often called to help with animal welfare investigations, the repercussions of which, particularly when they reach the media, have the potential to seriously impact on perceptions of our primary industries and the value of commodities.

We have been involved in two other research projects. Bridget McCauley coordinated local dairy farms on behalf of Massey University to sample for Leptospirosis, and Jillian Clark was involved in trial work to support the launch of a new drench to market. As well as providing valuable work and revenue for the practice, these trials keep our veterinarians up to date with the very latest research happening in these fields.

Several of our staff are involved in post-graduate study at Massey, and have taken the opportunity to speak to senior vet students about life in rural veterinary practice. These students often go on to “see practice” with us, and enter the pool of new recruits to our team. We also host the Telford – Lincoln Rural Veterinary Technician students several times through the year, and they help us out with key tasks at busy times of year. These are on top of vet nursing and pre-entry and Gateway school students who spend time with us each week.

Health and Safety requirements are becoming an increasingly prominent part of New Zealand business. Under the direction of the Board, we have undertaken significant work updating our H&S policy and procedures. We are also seeing a large number of farmers submitting H&S documentation for us to sign off, before entering their farms. Our job is inherently dangerous, and like you, we

don't want to see our people damaged in the line of duty. We are grateful that the Board endorses individual vets and practice management to decline to work in facilities that make a job more unsafe than it needs to be.

There are inevitably some changes each year in a business that employees over 50 people, although this year these have been fewer than normal. Dave Urquhart returned to his farming roots for the new season, and we welcomed Carol Adams to a full time and permanent support role at the Milton clinic. Carol had worked for us for a number of years and in several different roles before that. After four years with us, Keara Brennan also left during the year, and she is now working in the animal pharmaceutical industry. Alice Lee, who had spent some time working from the Milton clinic over the last year or so, resigned to focus on her family. Marek Misiewicz transferred to the Milton clinic to take on some of their veterinary roles there. In Balclutha, we saw the departure of Joanna de Vegt who moved with her family to the North Island. Joanna started as one of the first generation of Rural Animal Technicians with us eight years ago, and during her time that role evolved quite considerably into what is now a major part of our business. Sarah Piwari moved on from her administration position and Liz Butler took parental leave.

Finally in the staff area, January 2016 saw the FORTIETH anniversary of John Smart's employment at Clutha Vets. John has never been on for "fancy bullshit", so we marked the milestone with a Fish 'n' Chip tea! John has made huge contribution to animal (not just sheep) health and production on local, national and international levels – the last two being recognised with honorary life membership of the New Zealand Veterinary Association being conferred in June 2016, and him being elected President of the International Sheep Veterinary Association.

This year has seen the appointment of a new auditor of the Association – Audit Professionals, from Dunedin. It has been an interesting and worthwhile exercise to have them run their completely fresh eyes over the Association and its business practices. We were gratified that they have endorsed the way we do business, and we thank Lee McAuslan, Sue McNutt and John Neave for developing and managing these processes, and helping the auditors understand them.

The EMG would like to close by thanking all of 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, including throughout some very trying times in the Balclutha building. We thank all of the members of the Clutha Veterinary Association, for taking an active interest and for all of the

support you have offered your Vet Club in the past twelve months. Our ongoing strength is dependent upon your support, and we will continue to work hard to deserve it. Lastly, we wish to thank your elected Directors, who continue to govern the association with wisdom and insight, and particularly the Board Chair, Steven Bamford, whose high level of commitment is leading Clutha Vets from strength to strength.

Executive Management Group



Rob Mills



John Smart



Jason Darwen



Hamish Moore



Sid Taylor

# CLUTHA VETERINARY ASSOCIATION INCORPORATED

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
<b>Revenue</b>			
Sales of Veterinary Services and Animal Health Products		14,841,258	15,883,908
<b>Less Cost of Sales</b>			
Opening Stock		1,463,184	1,441,722
Purchases		8,490,594	9,207,284
		-----	-----
		9,953,778	10,649,006
Less Closing Stock		1,282,428	1,463,184
		-----	-----
<b>Cost of Sales</b>		8,671,350	9,185,822
Members Discounts		1,078,262	1,088,385
		-----	-----
<b>GROSS PROFIT</b>		5,091,646	5,609,691
<b>Plus</b>			
Other Operating Income	2	76,903	117,037
		-----	-----
		5,168,549	5,726,728
<b>Less</b>			
Operating Expenses & Overheads		916,618	1,017,938
Audit Fees		11,668	16,151
Salaries and Superannuation		3,748,406	3,921,368
Bank Fees and Interest		4,564	4,519
Scholarships and Bursaries		9,000	18,256
Depreciation	4	277,399	241,300
		-----	-----
		4,967,655	5,219,532
		-----	-----
<b>NET SURPLUS FOR THE YEAR</b>		\$200,894	\$507,196
		=====	=====

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 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Equity at Beginning of Year	6,904,094	6,396,898
Surplus for the Year	200,894	507,196
	-----	-----
Equity at End of Year	\$7,104,988	\$6,904,094
	=====	=====

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

# CLUTHA VETERINARY ASSOCIATION INCORPORATED

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
<b>Equity</b>			
Balance 1 July 2015		6,817,803	6,310,607
Surplus for the Year		200,894	507,196
Reserve Re SIDA Shares		86,291	86,291
		-----	-----
<b>TOTAL EQUITY</b>		<b>\$7,104,988</b>	<b>\$6,904,094</b>
		=====	=====
<b>Represented By:</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	4	2,263,457	2,479,304
Capital Work in Progress	4	2,372,563	579,459
Investments	5	260,777	260,777
		-----	-----
		4,896,797	3,319,540
<b>Current Assets</b>			
Cash and Short Term Deposits		2,290,885	3,796,924
Accounts Receivable		870,919	870,088
Inventories	6	1,282,428	1,463,184
		-----	-----
		4,444,232	6,130,196
<b>Less Current Liabilities</b>			
Accounts Payable	7	2,236,041	2,545,642
		-----	-----
<b>Working Capital</b>		<b>2,208,191</b>	<b>3,584,554</b>
		-----	-----
<b>NET ASSETS AS PER TOTAL EQUITY</b>		<b>\$7,104,988</b>	<b>\$6,904,094</b>
		=====	=====

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 2016**

<b>Cash Flows from Operating Activities:</b>	<b>2016</b>	<b>2015</b>
Cash was provided from:	<b>\$</b>	<b>\$</b>
Receipts from Customers	13,848,667	14,877,762
Interest Received	26,522	101,138
Net GST Received	13,317	-
	-----	-----
	13,888,506	14,978,900
Cash was disbursed to:		
Payments to Suppliers	9,493,347	10,722,186
Payments to Employees	3,913,068	3,802,179
Interest Paid	144	214
Net GST Paid	-	108,102
	-----	-----
	13,406,559	14,524,579
	-----	-----
<b>Net Cash In Flows</b>		
<b>From Operating Activities</b>	481,947	454,321
<b>Cash Flows from Investing Activities:</b>		
Cash was provided from:		
Sale of Property Plant & Equipment	24,348	5,218
	-----	-----
	24,348	5,218
Cash was applied to:		
Purchase of Property, Plant & Equipment	140,576	696,682
Capital Work in Progress	1,871,758	388,734
	-----	-----
	(2,012,334)	(1,085,416)
<b>Net Cash (Out Flows) to</b>		
<b>Investing Activities</b>	(1,987,986)	(1,080,197)
	-----	-----
Net (Decrease) in Cash Held	(1,506,039)	(625,876)
Add Opening Cash brought forward	3,796,924	4,422,800
	-----	-----
<b>Ending cash carried forward</b>	<b>\$2,290,885</b>	<b>\$3,796,924</b>
	=====	=====

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 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Net Surplus before and after taxation	200,894	507,196
Plus / (Less) Non cash Items		
Depreciation	277,399	241,300
Decrease/(Increase) in Receivables	(830)	74,559
Decrease/(Increase) in Stock on Hand	180,755	(21,462)
(Decrease) in Operating Accounts Payable	(176,271)	(347,272)
	-----	-----
	281,053	(52,875)
	-----	-----
<b>Cash Flows from Operating Activities</b>	<b>\$481,947</b>	<b>\$454,321</b>
	=====	=====

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 2016

#### **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 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 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 or at directors' valuation.

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, 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.

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**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Interest Received	26,214	99,863
Advertising Subsidies	43,285	8,068
Farmlands Commission	7,404	9,106
	-----	-----
	\$76,903	\$117,037
	=====	=====

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>3. Total Operating Revenue</b>		
Total Operating Revenues for the year	\$14,918,161	\$16,000,946
	=====	=====

#### 4. Property, Plant & Equipment

<b>2016</b>	<b>Cost or Valuation</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>	<b>Depreciation This Year</b>
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
	=====	=====	=====	=====

<b>2015</b>	<b>Cost or Valuation</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>	<b>Depreciation 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
	=====	=====	=====	=====

The latest Quotable Value rating valuation of Land and Buildings dated 1 September 2015 is \$1,680,000. The properties are not written down to this value as the book value of \$1,697,851 will be recovered from future use.

In addition to the land and buildings above there is a major redevelopment in progress for the store in Balclutha. \$2,372,563 (2015 \$579,459) has been spent by 30 June 2016 and a further \$750,198 is planned to be spent in the 2017 financial year which is intended to be financed from cash and short term deposits of the Association.

## 5. Investments

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
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 Vet 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 Vet Services (Gore) Ltd.

## 6. Inventories

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Finished Goods	\$1,282,428	\$1,463,184
	=====	=====

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

## 7. Accounts Payable

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade Creditors	974,309	1,087,044
Owing for property redevelopment	132,342	213,486
Employee Entitlements	1,050,332	1,179,371
G.S.T. Payable	79,058	65,741
	-----	-----
Total Accounts Payable	\$2,236,041	\$2,545,642
	=====	=====

## 8. Secured Liabilities

The Association did not have any Secured Liabilities as at 30 June 2016 (2015: Nil).

The Association has an overdraft facility of \$1,000,000 with ANZ Bank (2015: \$1,000,000) which remains undrawn at balance date. The facility is secured over first mortgage over property at 2-6 Wilson Road, Balclutha.

### **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) Ltd. No loss is anticipated from this guarantee. There are no other contingent liabilities as at 30 June 2016.

### **11. Capital Commitments**

Estimated capital expenditure committed to be spent at 30 June 2016 was \$750,198 (2015 \$2,799,786).

Out of these, \$401,891 was contacted for with Amalgamated Builders Ltd at 30 June 2016 (2015: \$2,050,916).

### **12. Operating Commitments**

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

Less than one year	16,583
Between one to five years	36,376
	-----
	<b>\$52,959</b>
	=====

### **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 (Inc.), the results of these operations, or the state of affairs of the Association.

### **14. Related Party**

Combined Vet 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.

The Directors received board honorarium and reimbursements totally \$32,590 (2015: \$37,773) for the year.

As at 30 June 2016 Messrs B A Lowery and G Love were the CVA appointed Directors of Combined Vet Services (Gore) Ltd.

# **CLUTHA VETERINARY ASSOCIATION INCORPORATED**

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Clutha Veterinary Association Incorporated.

### **Report on the Financial Statements**

We have audited the financial statements of the Clutha Veterinary Association Incorporated on pages 19 to 30, which comprise the statement of financial position as at 30 June 2016, and 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 and other explanatory information.

### **Directors' Responsibility for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of financial statements in accordance with the accounting policies adopted by Clutha Veterinary Association Incorporated and for such internal controls as the Directors determine as 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant 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 auditors' 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 auditors consider internal controls relevant to the Association's preparation of the financial statements that present fairly the matters to which they relate, 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 Association'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 auditors we have no relationship with, or interests in, Clutha Veterinary Association Incorporated.

### **Opinion**

In our opinion the financial statements on pages 19 to 30 present fairly, in all material respects, the financial position of the Association as at 30 June 2016, and its financial performance and cash flows for the year ended on that date in accordance with the stated accounting policies.

### **Restriction on Use of our Report**

This report is made solely to Clutha Veterinary Association Incorporated's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state in an auditors' 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 Association's members, as a body, for our audit work, for this report or for the opinions we have formed.

**Audit Professionals  
Chartered Accounts  
19 October 2016**

**Dunedin**

# NOTES

# NOTES