

CLUTHA VETERINARY ASSOCIATION INCORPORATED

111th Annual Report

FOR THE YEAR ENDED 30th JUNE, 2019

To be presented at the

ANNUAL GENERAL MEETING

to be held at the

Clutha Veterinary Association premises

3 Wilson Road

Balclutha

on

TUESDAY 19th November 2019

at 8.00 p.m.

CLUTHA VETERINARY ASSOCIATION INCORPORATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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CLUTHA VETERINARY ASSOCIATION INCORPORATED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the One hundred and eleventh Annual General Meeting of Members of the Clutha Veterinary Association Inc. will be held at the Balclutha Clinic, 2 Wilson Road Balclutha on Tuesday 19th November 2019 at 8:00 p.m.

Ordinary Business

1. To receive apologies.
2. To confirm the minutes of the previous Annual General Meeting held 20th November 2018.
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 T Homer, G Shaw and R van Vugt retire by rotation in accordance with the Rules of the Association. Messrs Homer, Shaw and van Vugt offer themselves for re-election.

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

T Homer	(L Tweed/D Murray)
G Shaw	(G Stirling/A May)
R van Vugt	(L Morris/G Stirling)

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 the recommendation of the Directors for the members to adopt new rules for the Association. A copy of the new rules is included in the annual report and is also available on the CVA website (www.cluthavets.co.nz), the offices of the Association at 2 Wilson Road, Balclutha and the office of the Secretary at 17 John Street, Balclutha. The main purpose of the changes to the rules is to make minor clarifications as to the composition of the Board and the process for election of members to the Board.
7. 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 2019

CLUTHA VETERINARY ASSOCIATION INCORPORATED

PARTICULARS

Directors (as at 30 June 2019)

S D Bamford (Chairman)
A S Morrison (Senior Vice Chairman)
B A Lowery (Junior Vice Chairman)
P Dobbie
T Homer
P J McNab
G M Shaw
R van Vugt
A Wells
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 110th Annual General Meeting of Members of the Association held at the Balclutha Clinic situated at 3 Wilson Road Balclutha on Tuesday 27 November 2018 at 8.10 p.m.

PRESENT:

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

The Chairman welcomed members to the 110th Annual General Meeting.

APOLOGIES:

Ronald Alderton, Catherine Copland, Anne-Marie Wells, David Murray, Hamish Brent, Bryce Rishworth, David McNab, Geoff Sargent, Simon Grant, Nigel Woodhead.

Apologies Sustained.

(Messrs S Morrison /P McNab)

MINUTES:

The minutes of the 109th Annual General Meeting were confirmed as a true and correct record.

(Messrs T Homer /P Dobbie)

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 had grown to over 1600, turnover for the year was \$17.2 million and that an additional discount of \$300,000 had been recently paid to members. The Association policy of charging one-way mileage to clients has been continued which is of some considerable benefit to members. The EMG were thanked for their input throughout the year and it was noted that John Smart had resigned, after seven years of service, from the EMG. The Chairman expressed the opinion that the CVA employs high quality staff and that we have a good number of very experienced staff. The Chairman noted the CVA is happy with the performance of Audit Professionals as the associations auditors and it is intended to reappoint them. CVS which is based in Gore and in which the CVA has a shareholding continues to go from strength to strength.

Rob Mills (Senior Veterinarian and EMG Member), endorsed the Chairman's comments with reference to the retirement of John Smart from the EMG. Mr Mills noted that the code compliance certificate has just been received for the

Balclutha clinic alterations which had made the whole project a multiyear process. The CVA has purchased Lawrence veterinary services with a view to strengthening our services provided to the Lawrence area in particular and the whole practice in general. Staffing has remained relatively stable with a good team now in place. The CVA is keeping up with technological changes in the profession and there is now a digital x-ray machine in both the Milton and Balclutha clinics. Mr Mills also took the opportunity to thank Mr Smart for his seven years' service on the EMG and for his 43 years, to date, at the CVA.

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 G Love (CVA Board Member).

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.

In response to a question from the floor as to whether the benefits of the one way mileage charging system are being adequately marketed, Jason Darwen (CVA EMG member) explained the reasons for the adoption of the current system. It was noted that mileage is charged from the nearest CVA location, e.g. Balclutha/Milton/Clydevale, to the members property.

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 as four nominations had been received for the three vacancies arising due to retirement by rotation that an election would be held.

The four candidates gave a short speech in support of the candidacy and then voting was undertaken under the supervision of CVA staff.

AUDITOR:

It was moved that Audit Professionals be confirmed as auditors for the ensuing year.
(Messrs P McNab/S Korteweg).

GENERAL BUSINESS:

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

Some matters were raised including:

- The Board was congratulated on the appointment of Andrew Roe to the staff. The Chairman noted that it was the EMG who had made the appointment.
- The Board were congratulated on the financial position of the Association and on the fact that the pricing of products for sale appear to be very competitively priced.
- It was queried from the floor, in view of current common practice, as to whether the formal appointment of an auditor was necessary. (Note: Rule 6a) states that the election of an auditor is part of the business of the AGM).
- The Board acknowledged that the association is fortunate to have the quality of staff it does from top to bottom and thanked the EMG for the quality of recent staff appointments.
- The Chairman brought members up to date as to the Board's current plans for the Lawrence area.

ELECTION RESULTS:

The counting and checking of votes having been completed by CVA staff under the supervision of Mrs Sue McNutt the Chairman advised the meeting of the successful candidates for the three positions on the CVA Board.

In no particular order the successful candidates are: Bruce Lowery, Peter McNab, Anne-Marie Wells.

There being no further business the meeting then closed at 8.53 pm.

Supper then followed.

Confirmed as a True and Correct Record.

.....Chairman

.....Date

CLUTHA VETERINARY ASSOCIATION INCORPORATED

STAFF AS AT 30 June 2019

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., MACVSc.
Steven Butler, B.V.Sc.
Ruth Andrews, B.V.Sc.
Anna Burrell, B.V.Sc.
Erin Riley, BVetMed
Andrew Comerford, MVB
Andrew Roe, B.V.Sc, MACVSc
Samantha Howarth. BVSC.
David Exton, B.V.Sc
Olivia Hickman, B.V.Sc

Rural Animal Technicians

Kim Bastiaansen, Cert VN, Dip RAT
Marc McElrea
Lauren Johnston, Dip RVT
Audrey MacBeath, Dip RAT

Retail

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

Small Animal Clinic

Mary Munro
Emma Smith
Rochelle Whiteford, Cert VN
Michelle Powell, Cert VN, Cert RAT
Connie Waddingham, Cert VN

Administration

Sue McNutt
Sharron West, Cert. VN
Shona Bennet
Debbie Mills
Lucy Caldwell

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)
Tom Wallbank, B.V.M & S (Hons)
Martha O'Connor, MVB
Bevan Topham, B.V.Sc

Rural Animal Technicians

Louise Oldham, Cert. RAT
Dana Fleming
Kate Beattie, Dip RVT

Small Animal Clinic

Gaynor Finch, Cert. VN
Erin Pellett, Cert. VN

Administration & Retail

Nathan Cornish
Carol Adams, Cert RAT
Vivienne Warhurst
Melissa Grose

Clydevale Store

Sonya Verdoner

CHAIRMAN'S REPORT

Chairman's 111th Annual Report

It is with pleasure that I welcome you to the 111th Annual General Meeting of the Clutha Veterinary Association.

Membership of the CVA is 1692 which is a steady increase of both small animal owners and farming members. This is pleasing to the Board as every client is a valued member of the Clutha Vets business regardless of large or small animal interest.

Returns from farming continue to show solid results in most sectors with the exception of wool. The changeability and severity of weather events are becoming the norm. This year we experienced flooding in November and an extended dry period throughout the summer which required us to change systems to best manage the situations and reduce the impact.

Financial

During the last 12 months the turnover at Clutha Vets was \$18,076,640 an increase from \$17,204,852 the previous year. The financial surplus for the year of \$374,040 is a pleasing result as we have been able to return \$1,103,841 in prompt payment discount as well as paying an additional discount of \$200,000 to the members.

As with every profitable business, after the return to the members in the form of these discounts we have kept retained earnings to assist us to maintain and develop the capital side of the business. There are a large number of benefits of being a member of the Clutha Vets and this year we have made a further reduction in after-hours mileage and have continued our policy of one-way mileage during normal business hours.

Development

The development and building of the Lawrence site has been slow and frustrating. There been delays along the way which have been out of our control. We are pleased to say that the required consents have now been issued and I hope that in the next Chairman's Report to reflect on its completion and opening of this long-awaited addition to the Clutha Vets business. We thank the Lawrence community for their understanding and patience with this development. We are also grateful to Win's Engineering for operating our depot out of their premises.

Board

At the 2018 AGM we farewelled Grant Love and welcomed Anne Marie Wells. We would like to acknowledge the contribution that Grant made to the CVA business, in particular representing the CVA interest at the Combined Services Vet Board table.

During the year the Board reviewed the rules of the Clutha Vet Association. As a result of this review we will be putting a number of proposed changes to the members at this AGM. We felt it was appropriate to do this piece of work to tidy up some of the wording in the rules and to modernise the content and to bring it up to date with current practices.

Several members of the Board and Rob Mills, representing management, attended the ARVP Conference in Palmerston North in June. ARVP is the governing body of the club practices throughout New Zealand. This conference attracts around 120 delegates and gives the opportunity to network and discuss issues and challenges that face club practices which can be unique in comparison to private practices. The 2020 conference will be hosted by Clutha Vets and we look forward to showcasing our clinics and districts to our industry peers. Bruce Lowery continues to represent us at Combined Vets Services and is joined by Peter Dobbie this year.

Sponsorship

We continue to provide sponsorship and support to a range of organisations throughout the Clutha District. This year the total value of cash and product for these donations was \$13,125. This contribution to the community, including many of our members and their wider families, is very much part of the cooperative culture.

EMG

Recognising the contribution and value the members of the EMG make to the Clutha Vets business is extremely important to the Board. Our role is at a governance level and the EMG's role is to execute the strategies that we set for the business. It is testimony to their professionalism and dedication to the business that they can do this while maintaining a high level of clinical practice, something which is their passion. It is always challenging to balance the time commitment needed to work on the business versus in the business and we acknowledge the challenges that come with this role.

Staff

Staff are the strength in every business, and we are very lucky with the calibre of staff we have across all of our locations. Staff turnover has been low this year which we believe is due to a good culture in the workplace and a preferred place to work in the Clutha District. The practice continues to grow and this growth has led to the need for additional staff.

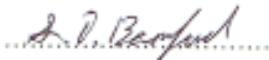
Conclusion

It is a privilege to be the Chairman of such a strong and sound Board. My fellow Board members are committed to representing the members interest in the cooperative. Members can be assured that the skill and professionalism of the people you have elected to the Board is of the highest standard. I would like to take this opportunity to thank them for their attendance at meetings and the work they have put in over the past 12 months.

Thank you also to Lee McAuslan, the Board Secretary for his support and sound advice. Lee's insightfulness and independent view of matters at meetings is very much appreciated.

Once again, on behalf of the Clutha Vets I would like to thank all members for their support over the past 12 months and we look forward to being of service to you in the coming year.

Yours sincerely

A handwritten signature in cursive script, appearing to read "S. P. Bamford", written over a dotted horizontal line.

Steven Bamford
Chairman.

EXECUTIVE MANAGEMENT GROUP REPORT FOR 2018-2019

The EMG is tasked with managing the Clutha Veterinary Association in such a way that we offer; the most up to date service and products for our clients at the best price, all while continuing to employ the highest quality staff and operate the business at a profit. It is a real balancing act to try and achieve all of these aspects within the business but it is one which we think we have managed to negotiate well in the 2018-2019 year.

The 2018-19 financial year has not been without its climatic challenges for our farmers, initially with a major flooding event in November followed by a drought over the summer period. It is also seen an unprecedented situation of good dairy prices as well as high prices across all red meat sectors. This has transferred through into a high demand for our veterinary goods and services, with the Club posting a healthy operating surplus. Clutha Vets recorded an annual turnover of 18 million dollars and an operating surplus of \$374,000. This has allowed the Club to return \$200,000 in additional discount to the members which takes the value returned to members since around the year 2000 to over 3.4 million dollars.

Clutha vets has always taken pride in the quality and experience of the veterinary and support staff we are able to attract and retain within the business. This is one of our real strengths, allowing us to provide a high level of veterinary advice and services. At the start of 2019 we employed two new graduate vets from Massey University; David Exton and Olivia Hickman. Both being past recipients of Clutha Vets scholarships they are proving to be great additions to the team. After 22 years running the Clydevale Depot (formerly along with Sue) Gary Beaumont decided to step aside into a well-earned retirement. Sue originally took on the Clydevale role, which was then gradually handed over to Gary. Both Sue and Gary did a great job of running the store and we celebrated their role in the business with both client and staff functions. Sonya Verdoner has since taken over managing the store in Clydevale where she has added her own touch to the role and has been well received by the locals. We also welcomed Melissa Grose to the Milton front desk who replaced Sharni Bichan. We farewelled Kirsten Findlay from Balclutha admin and welcomed Lucy Caldwell into this role. The small animal team has remained very stable over the past 12 months with no changes over this period.

We are always looking for ways in which we can invest in our staff and offer lots of opportunities for them to learn and grow in their chosen areas. Over the past year we have engaged Alex McLaughlin in a work place support role. Alex

visits the Milton and Balclutha clinics on a regular basis to catch up with staff and be a listening ear if needed.

John Smart who had served seven years on the EMG stepped down from his senior management role at the end of June 2018. During the 2018-2019 financial year the EMG operated with four members, over this period Annie Jackson took on more responsibility and was appointed to the EMG in July 2019.

With the purchase of Lawrence Vet Services along with a building in the 2017-2018 year we were hoping to have a new vet clinic operating in the town by the start of 2019. The PGG Wrightson building has been demolished but due to a number of holdups with consenting and paperwork processes this has not yet eventuated. We can however report that consent has been granted and building is about to get underway.

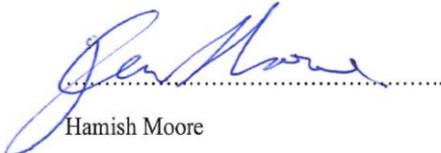
Clutha Vets continues to invest in the most up to date equipment to ensure that we have the capability to meet the needs of our members. Over the past year we have purchased five new vehicles some of which are replacements while others are to accommodate the growing veterinary team. Our vehicle fleet is a significant investment for the club and along with their basic function of getting our staff safely to and from each job are an important part of the practice's branding. Other asset purchases include a new cattle ultrasound scanner for pregnancy testing and a new digital x-ray machine for the Balclutha clinic with the other digital machine moving to Milton.

Technology and social media continue to play an ever important role in the way we communicate with our clients. Over the past year we have upgraded our website which now has a modern look, is easy to navigate and has a much more user friendly operating platform. We also launched a number of Facebook pages late in 2018 covering all of the major species we deal with. This has allowed us to communicate messages quickly and effectively to clients who are engaged in social media.

Another important part of Clutha Vets is having a presence at various events such as the Lawrence Farmarama and the local A&P shows. We have also run a large number of seminars, meetings and social functions for our clients over the past year culminating in the very successful "Smart Sheep Farming" evening. This was both a learning opportunity as well as a celebration of John Smarts contribution to farming in South Otago. The keynote speaker was Paul Kenyon (Massey University) and the evening social function was hosted by none other than Jamie Mackay. Having staff organise and promote these events and then prepare displays and talks is a big commitment for the practice, but is something that our clients appreciate, and we think adds real value to your membership of Clutha Vets.

Over the past year it has felt like there has been an attack on common sense both within political circles as well as through the media. The rural sector in particular has copped a beating. The winds of change are blowing and the relative stability with which we have operated as both a farmers and rural business feels under threat. Clutha Vets is committed to South Otago and will continue to advocate for common sense on behalf of members. We have been involved in submissions on bills before select committee as well as having staff members involved in various advisory groups and discussions with members of parliament on current issues relevant to South Otago life and work.

The EMG would like to thank the staff of Clutha Vets for all their hard work and professionalism over this past year. We believe that we have some of the most experience and dedicated veterinary and support staff in the country and it is because of this and only this that we are able to offer you the members such a high level of service and advice. The EMG would also like to thank you as the members for your ongoing support of the Vet Club. It is only through your support that we are able to recruit, train and retain such a high calibre of staff and we hope that in the coming years we can rely on you continuing to utilise our services and buy our products. Finally, we would like to thank your elected Board of Directors which represent you as the members in overseeing the running of the Veterinary Club. They are committed group of forward-thinking farmers who do an amazing job of helping to guide the Club in a positive direction.



Hamish Moore

On behalf of the Executive Management Group
(Rob Mills, Jason Darwen, Annie Jackson, Sid Taylor)

CLUTHA VETERINARY ASSOCIATION INCORPORATED

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue			
Sales of Veterinary Services and Animal Health Products		18,076,640	17,204,852
Less Cost of Sales			
Opening Stock		1,558,903	1,321,581
Purchases		10,529,759	10,030,982
		-----	-----
		12,088,662	11,352,563
Less Closing Stock		1,829,290	1,558,903
		-----	-----
Cost of Sales		10,259,372	9,793,660
Members Discounts		1,303,841	1,400,619
		-----	-----
GROSS PROFIT		6,513,427	6,010,573
Plus			
Other Operating Income	2	67,723	90,559
		-----	-----
		6,581,150	6,101,132
Less			
Operating Expenses & Overheads		1,124,536	1,036,192
Audit Fees		12,000	11,800
Salaries and Superannuation		4,689,294	4,297,498
Bank Fees and Interest		5,466	4,278
Scholarships and Bursaries		10,750	23,100
Depreciation	4	365,064	365,810
		-----	-----
		6,207,110	5,738,678
		-----	-----
NET SURPLUS FOR THE YEAR		\$374,040	\$362,454
		=====	=====

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 2019

	2019	2018
	\$	\$
Equity at Beginning of Year	7,756,407	7,393,953
Surplus for the year	374,040	362,454
	-----	-----
Equity at End of Year	\$8,130,447	\$7,756,407
	=====	=====

Approval of Financial Statements

J. P. BedfordChairman.....23-10 - ..2019

A. S. MorrisDirector.....23/10/.....2019

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

CLUTHA VETERINARY ASSOCIATION INCORPORATED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
Equity			
Balance 1 July 2018		7,670,116	7,307,662
Surplus for the Year		374,040	362,454
Reserve Re SIDA Shares		86,291	86,291
		-----	-----
TOTAL EQUITY		\$8,130,447	\$7,756,407
		=====	=====
Represented By:			
Non Current Assets			
Property, Plant and Equipment	4	5,007,945	4,996,606
Capital Work in Progress	4	110,083	1,052
Investments	5	285,777	236,777
		-----	-----
		5,403,805	5,234,435
Current Assets			
Cash and Short Term Deposits		2,496,681	3,029,231
Accounts Receivable		1,186,507	1,006,936
Inventories	6	1,829,290	1,558,903
		-----	-----
		5,512,478	5,595,070
Less Current Liabilities			
Accounts Payable	7	2,785,836	3,073,098
		-----	-----
Working Capital		2,726,642	2,521,972
		-----	-----
NET ASSETS AS PER TOTAL EQUITY		\$8,130,447	\$7,756,407
		=====	=====

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 2019

Cash Flows from Operating Activities:	2019	2018
Cash was provided from:	\$	\$
Receipts from Customers	16,597,324	15,947,182
Interest Received	1,147	1,203
Net GST Received (Paid)	(35,517)	5,807
	-----	-----
	16,562,954	15,954,192
 Cash was disbursed to:		
Payments to Suppliers	11,932,954	10,793,698
Payments to Employees	4,628,115	4,065,200
Interest Paid	-	160
	-----	-----
	16,561,069	14,859,058
	-----	-----
Net Cash In Flows From Operating Activities	1,885	1,095,134
 Cash Flows from Investing Activities:		
Cash was provided from:		
Realisation of Investments - advances	-	24,000
	-----	-----
	-	24,000
 Cash was applied to:		
Purchase of Property, Plant & Equipment	376,404	365,832
Capital Work In Progress	109,031	-
Purchase of Investments (Goodwill)	49,000	-
	-----	-----
	(534,435)	(365,832)
	-----	-----
Net Cash (Out Flows) to Investing Activities	(534,435)	(365,832)
	-----	-----
Net Increase/(Decrease) in Cash Held	(532,550)	753,302
Add Opening Cash brought forward	3,029,231	2,275,929
	-----	-----
Ending cash carried forward	\$2,496,681	\$3,029,231
	=====	=====

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 2019

	2019	2018
	\$	\$
Net Surplus before and after taxation	374,040	362,454
Plus / (Less) Non cash Items		
Depreciation	365,064	365,810
Decrease/(Increase) in Receivables	(179,571)	155,433
(Increase) in Stock on Hand	(270,387)	(237,322)
Increase in Operating Accounts Payable	(287,261)	448,759
	-----	-----
	(372,155)	732,680
	-----	-----
Cash Flows from Operating Activities	\$1,885	\$1,095,134
	=====	=====

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 2019

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. Purchases from Suppliers

Purchases we recorded as an expense when incurred. Supplier rebates are recorded as deductions from purchases on receipt.

c. 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.

d. 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

e. 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.

f. 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.

g. 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.

h. 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.

i. Cash and Short Term Deposits

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.

j. Investments

Investments are recorded at cost less any impairment losses.

k. 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.

l. Activities

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

m. 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.

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

	2019	2018
	\$	\$
Interest Revenue	1,151	1,209
Advertising Subsidies	56,864	78,407
Commissions	7,253	8,250
Insurance Recoveries	2,455	2,693
	-----	-----
	\$67,723	\$90,559
	=====	=====

	2019	2018
	\$	\$
3. Total Operating Revenue		
Total Operating Revenues for the year	\$18,144,363	\$17,295,411
	=====	=====

4. Property, Plant & Equipment

2019	Cost or Valuation	Accumulated Depreciation	Net Book Value	Depreciation This Year
Land & Buildings (Valuation)	5,922,661	1,669,602	4,253,059	176,859
Plant & Machinery (Cost)	804,380	628,110	176,270	70,771
Motor Vehicles (Cost)	1,248,570	724,671	523,899	98,983
Office Equipment (Cost)	515,138	490,536	24,602	6,430
Fixtures & Fittings (Cost)	182,833	152,718	30,115	12,021
	-----	-----	-----	-----
	\$8,673,582	\$3,665,637	\$5,007,945	\$365,064
	=====	=====	=====	=====

In 2019 there is \$110,083 work in progress which mainly relates to the establishment of premises in Lawrence (2018 \$1,052).

2018	Cost or Valuation	Accumulated Depreciation	Net Book Value	Depreciation This Year
Land & Buildings (Valuation)	5,918,161	1,492,743	4,425,418	179,217
Plant & Machinery (Cost)	707,633	557,339	150,294	58,052
Motor Vehicles (Cost)	987,853	625,688	362,165	71,732
Office Equipment (Cost)	504,285	484,106	20,179	43,456
Fixtures & Fittings (Cost)	179,247	140,697	38,550	13,353
	-----	-----	-----	-----
	\$8,297,179	\$3,300,573	\$4,996,606	\$365,810
	=====	=====	=====	=====

The latest Quotable Value rating valuation of Land and Buildings dated 1 September 2018 is \$2,746,000. The properties are not written down to this value as the book value of \$4,423,059 will be recovered from future use.

5. Investments

	2019	2018
	\$	\$
Unlisted Companies - Shares	1,280	1,280
Unlisted Companies – Unsecured Advance	230,497	230,497
Unlisted Companies – Debentures	5,000	5,000
Goodwill	49,000	-
	-----	-----
	\$285,777	\$236,777
	=====	=====

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

Goodwill was paid for a business acquired in Lawrence. It is held at cost as future benefits are expected to be derived.

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) Limited. The unsecured advance is interest free subject to review by the directors and shareholders of Combined Vet Services (Gore) Limited. Based on the annual accounts of Combined Vet Services (Gore) Limited to 30 June 2019 the loan is fully recoverable and the shares have value of \$58,000 at book value.

The debentures are held in Ethical Agents Veterinary Marketing Limited.

6. Inventories

	2019	2018
	\$	\$
Finished Goods	\$1,829,290	\$1,558,903
	=====	=====

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

7. Accounts Payable

	2019	2018
	\$	\$
Trade Creditors	1,154,770	1,435,903
Owing for property redevelopment	-	46,000
Employee Entitlements	1,497,055	1,421,667
G.S.T. Payable	134,011	169,528
	-----	-----
Total Accounts Payable	\$2,785,836	\$3,073,098
	=====	=====

8. Secured Liabilities

The Association did not have any Secured Liabilities as at 30 June 2019 (2018: Nil).

The Association has an overdraft facility of \$1,000,000 with BNZ Bank (2018: \$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 2019.

11. Capital Commitments

Estimated capital expenditure committed to be spent as at 30 June 2019 was \$476,300 (2018 \$135,000).

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:

	2019	2018
Less than one year	48,872	53,120
Between one to five years	119,724	146,896
	-----	-----
	\$168,596	\$200,016
	=====	=====

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 Parties

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.

As at 30 June 2019 Messrs P Dobbie and B A Lowery are the Association appointed Directors of Combined Vet Services (Gore) Limited.

The Directors received board honorarium and reimbursements totalling \$31,457 (2018 \$31,582) for the year.

CLUTHA VETERINARY ASSOCIATION INCORPORATED



Independent Auditors' Report

to the members of the 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 2019, 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 2019 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 no relationship with, or interests in, the Association.

Information Other than the Financial Statements and Auditor's Report

Other information included 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.

Audit Professionals, Burns House, Level 6, 10 George Street, PO Box 620,
Dunedin 9054, New Zealand, Ph: 03 477 3033, www.auditpros.co.nz

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_Standards/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
1 November 2019

Dunedin

**RULES OF THE CLUTHA
VETERINARY ASSOCIATION
INCORPORATED**

1. NAME:

The name of the Association is **The Clutha Veterinary Association (Incorporated)**.

2. OBJECTS OF THE ASSOCIATION:

The objects of the Association are:

- a) To provide a quality and efficient veterinary service for members and others.
- b) To import, purchase, prepare and dispense animal health products to members and others. Such products may include, but are not limited to, stock medicines, drugs, veterinary equipment, animal remedies and associated products.
- c) To promote interest in and to undertake research into all aspects of animal health, animal care, animal husbandry, animal production, animal breeding and animal feeding.
- d) To provide training and information relating to all aspects of animal health, animal care, animal husbandry, animal production, animal breeding and animal feeding.
- e) To cooperate with other organisations providing like or complementary services in the promotion of efficient veterinary services.
- f) The objects set out in this clause are separate and distinct objects and are to be interpreted independently and no object is to be read as limiting or restricting any other.

3. POWERS OF THE ASSOCIATION:

With these objects in view the Association has the following powers:

- a) To use the funds of the Association as the Association may consider necessary or proper in payment of the costs and expenses

incurred in furthering or carrying out the objects of the Association.

- b) To purchase, take on lease or exchange or hire or otherwise acquire any real or personal property and to sell exchange, let, bail, or lease (with or without options to purchase) or in any manner dispose of such property.
- c) To borrow or raise or secure the payment of money from time to time in such manner and upon such terms and conditions as the Association thinks fit.
- d) To invest in, subscribe to, or make donations to any organisation, company or business of any nature that the Association thinks will directly or indirectly help achieve the objects of the Association but such action may not lead to loss of identity of the Association or material alteration to its objects.
- e) To invest and deal with funds and assets not immediately required as the Association thinks fit and with or without security.
- f) To do all things that are incidental to or will directly or indirectly help achieve the objects of the Association.

4. REGISTERED OFFICE:

- a) The Registered Office of the Association shall be at such place as the Board decides.

5. MEMBERSHIP:

- a) Any person, organisation or business undertaking animal farming or care shall be eligible to be a member of the Association. Such persons, organisations or businesses shall on written application be admitted subject to approval by the Board whose decision shall be final.
- b) The cost of any product or services may vary from member to member depending on the location where the member requires such products or services, the particular products or services required by the member, the size and nature of operation of the member, or such other factors as decided by the Board from time to time. Members receiving services or purchasing product from the Association agree, by joining, to pay fees and subscriptions set by the Board from time to time.

- c) A member shall be deemed to be non financial if that member's subscription is in arrears for six months of the current year.
- d) Non financial members are not entitled to vote at any meeting nor enjoy the privileges of the Association nor become a member of the Board of the Association nor be entitled to the services of the Association. A non financial member shall pay non-member rates for all services that the Association does agree to provide to that member.
- e) A member may resign his or her membership in the Association. A member resigning or ceasing to be a member shall cease to have any right of interest in the Association's property or concerns but is not released from any prior liability to the Association.
- f) No member shall derive any pecuniary gain from the property or operation of the Association by virtue of their membership. This rule does not preclude a person organisation who happens to be a member and provides goods or services to the Association from being remunerated from the property or operation of the Association for those goods and services.
- g) Any member may for sufficient reason be expelled from the Association by the Board and what shall constitute a "sufficient reason" shall be at the sole discretion of the Board.
- h) In the event of any current member not complying with these membership requirements or ceasing to undertake animal farming or care then that member remains a member at the grace and favour of the Board and may be removed from membership on resolution of the Board.

6. MEETINGS OF THE ASSOCIATION:

- a) The Annual General Meeting ("the AGM") of the Association shall be held once every 12 months and no later than 18 months since the last AGM. The business of the AGM is to receive and consider the report of the Board and the audited annual financial statements. The AGM will also elect members of the Board and an auditor and will transact any other business which under these Rules ought to be transacted at a General Meeting.
- b) Special General Meetings may be called by the Board or on the written request of 10 members. To be effective the request must set out the reason for calling the meeting, and if it does, the Board

shall arrange and hold a Special General Meeting within 21 days of receiving the notice.

- c) General Meetings of the Association may be convened by ten (10) clear days notice by an advertisement published in at least two newspapers appearing in the Association's area or by written notices giving ten (10) clear days notice of the meeting to all members at their last known address. The advertisement or notice shall specify in general terms the purpose of the meeting.
- d) At all meetings of the members twenty five (25) memberships represented in person shall form a quorum and should there not be a quorum the members present shall, at the expiration of one half hour from the time appointed for assembling abandon the meeting. The Board shall have the final decision as to the authorised representation at meetings of members of any membership.
- e) At all general meetings every membership represented in person shall be entitled to one vote and in the event of equality the Chair shall (except on election of Board members) be entitled to a second or casting vote. No voting may be by proxy. The clause is subject to Clause 7 (i).
- f) Voting at all meetings shall be by a show of hands unless a poll shall be demanded by not less than three members present.

7. BOARD:

- a) The business of the Association shall be directed by a Board ("the Board") of between 5 and 12 members plus one representative of management of the Association and a Secretary/Treasurer in each case appointed by the Board.
- b) At each AGM the members shall elect to the Board at least 3 members from nominations received in a manner determined by the Board. Such nominations shall be made by being moved and seconded by two memberships other than any represented by the nominee and shall be received by the Secretary/Treasurer 28 days prior to the date of the AGM.
- c) Subject to the need to retire to ensure at least three positions are elected (see the next sub-clause) Board members shall hold office for three years. If eligible a retiring Board member may offer themselves for re-election.

- d) In the event of there being less than 3 Board positions available for election then sufficient Board members will retire to ensure that three positions are so available. The order of retirement shall be those elected longest ago and if a choice is required it will be made by agreement or lot.
- e) Non financial members are not eligible for election or appointment for the member positions on the Board. If a Board member ceases to be a member or becomes a non financial member then that Board member shall be deemed to have resigned from the Board. This sub-clause does not apply to the Secretary/Treasurer.
- f) Employees, other than that the representative of management included by clause 7 a), are not eligible for election to the Board and if a Board member becomes an employee then that Board member shall be deemed to have resigned from the Board.
- g) The Board shall have the power but not the obligation to co-opt up to 5 additional members to bring the Board up to a maximum of 12 elected or co-opted members (including filling casual vacancies) plus the representative of management and the Secretary/Treasurer. In making such appointments the Board is to have regard to the skills available on the Board, the objects of the Association, the continuity of the Board, and such other considerations as it believes are appropriate. Co-opted members shall hold office until the AGM following their election.
- h) The Board shall appoint a Chair and a Senior and Junior Vice Chair from among the Board members at its first meeting after the AGM. The Chair shall have a deliberative vote and a casting vote. At that same meeting the Board will appoint the Secretary/Treasurer for the ensuing year on such terms and at such remuneration as the Board decides. The Secretary/Treasurer shall have speaking rights at meetings but no voting rights.
- i) The Board shall determine how the election of members of the Board is to be conducted. This may include voting at the AGM or postal or electronic methods that allow members to vote before the AGM. The Board shall ensure that the voting is based on one membership one vote, is secret and fair and that no proxy voting is allowed. All other voting, whether at an Association General Meeting or Board Meeting, shall be by show of hands unless the meeting decides otherwise. The Board may instruct the Secretary/Treasurer or some other third party to undertake election

of members subject always to the control of the Board. In the event that there an equal number of votes received by more than one member for election to the last available position on the Board then there shall be further vote conducted at the Annual General Meeting in a manner decided by the Board among those memberships receiving the equal number of votes.

Any Board member absent for 3 consecutive Board Meetings without leave shall be disqualified and his or her seat shall be deemed to be vacant.

- k) At a meeting of the Board a quorum will be:
- 5 elected or co-opted members of the Board has 9, 10, 11 or 12 actual elected or co-opted members then on the Board.
 - 4 elected or co-opted members if the Board has 6, 7 or 8 actual elected or co-opted members then on the Board.
 - 3 elected or co-opted members if the Board has 5 actual elected or co-opted members on the Board.
- l) The Chair or three members of the Board may call a meeting of the Board for the consideration of urgent business.

8. POWERS OF BOARD:

- a) The Board shall establish such arrangements as it thinks fit for the management of activities of the association and may employ, and delegate authority, to such staff as it considers appropriate for that purpose.
- b) The Board will have the power to do all acts and things as are or may be incidental to the attainment of all or any of the objects of the Association.
- c) The Board may appoint sub-committees on such terms as it thinks fit. The members of such sub-committees must be members but need not be Board Members.
- d) The Board shall keep minutes of Board Meetings that are to be made available to members on request. It is at the Board's discretion whether reports tabled at Board Meetings and accepted by the Board be made available to members.

- e) The Board shall have the power to operate such bank and other accounts as it sees fit and to determine the authorities to operate such accounts. It shall also have the power to invest funds not immediately required in any form of investment in New Zealand available for the time being.
- f) The Board may adopt a common seal and shall determine to what documents it is to be affixed and the manner in which it is to be affixed.

9. AUDITOR:

One or more Auditors shall be appointed at the AGM and the books of the Association shall be audited each year.

10. INDEMNITY OF MEMBERS:

Officers and members of the Board shall be responsible only for such moneys as they shall respectively actually receive on account of the Association and none of them shall be answerable for the act or default of any other of them nor for loss or damage whatsoever which may happen to the Association unless the same shall have been caused by their own act neglect or default.

11. PROFITS:

No Member shall except as a salaried Officer or for professional services rendered at the request of the Board, receive any profit from the funds of the Association.

12. INTERPRETATION OF RULES:

If any doubt arises as to the correct interpretation of these rules, the decision of the Board shall be final and binding provided such decision is recorded in the minute book of the Association.

13. ALTERATION IN RULES:

- a) These rules may be changed at any General Meeting of the Association.
- b) The Board or ten members may propose changes at any time.

- c) Notice of the changes are to be given to the Secretary/Treasurer in writing incorporating the proposed wording and an explanation of the reasons for the change.
- d) The Board shall then call a General Meeting of the Association in accordance with these rules (See “Meetings of the Association” for time limits).
- e) The Notice calling such meeting shall state in general terms the proposed change to the Rules whether the notification is sent directly to members or is publicly advertised.
- f) The meeting may amend any such proposal.
- g) No resolution of any such meeting shall affect any alteration or addition to or rescission of the Rules unless it is carried by a majority of at least two thirds of the members present at such meeting and who are entitled to vote.

14. WINDING UP OF ASSOCIATION:

The Association may be wound up voluntarily by a resolution of its members at a General Meeting provided that the resolution is then confirmed at a subsequent General Meeting called for that purpose and held not earlier than thirty (30) days after the date on which the resolution to be confirmed was passed.

On winding up of the Association or on its dissolution by the Registrar all surplus assets after the payment of all costs and debts and liabilities shall be disposed of in such manner as shall be determined by the votes of the majority of the Members present in General Meeting.

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