

CLUTHA VETERINARY ASSOCIATION INCORPORATED

110th Annual Report

FOR THE YEAR ENDED 30th JUNE, 2018

To be presented at the

ANNUAL GENERAL MEETING

to be held at the

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

on

TUESDAY 27th November 2018

at 8.00 p.m. (new date)



CLUTHA VETERINARY ASSOCIATION INCORPORATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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CLUTHA VETERINARY ASSOCIATION INCORPORATED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the One hundred and tenth Annual General Meeting of Members of the Clutha Veterinary Association Inc. will be held at the Balclutha Clinic, 2 Wilson Road Balclutha on Tuesday 20th November 2018 at 8:00 p.m.

Ordinary Business

1. To receive apologies.
2. To confirm the minutes of the previous Annual General Meeting held 14th November 2017.
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 G Love, B Lowery and P McNab retire by rotation in accordance with the Rules of the Association. Messrs Love, Lowery and McNab offer themselves for re-election.

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

G Love	(M Cullen/G Finch)
B Lowery	(L Bugden/D Divers)
P McNab	(S Rowland/C Macfie)
A Wells	(D Wells/R Scurr)

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 2018

CLUTHA VETERINARY ASSOCIATION INCORPORATED

PARTICULARS

Directors (as at 30 June 2018)

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

Registered Office

2 Wilson Road
BALCLUTHA

Milton Centre
106 Union Street
MILTON

Auditors

Audit Professionals

Bankers

Bank of New Zealand

Solicitors

O'Malley & Co.
Gallaway Cook Allan

CLUTHA VETERINARY ASSOCIATION INCORPORATED

CLUTHA VETERINARY ASSOCIATION (INC.)

Minutes of the 109th Annual General Meeting of Members of the Association held at the Balclutha Clinic situated at 3 Wilson Road Balclutha on Tuesday 14 November 2017 at 8.10 p.m.

PRESENT:

Mr S Bamford (Chairman) presided over an attendance of approximately 25 Members.

The Chairman welcomed members to the 109th Annual General Meeting.

APOLOGIES:

Rob Mills, Rob van Vugt, Lyndon McNab, Paul & Susie Corboy, Sophie Rowland.
Apologies Sustained.
(Messrs P McNab /G Love)

MINUTES:

The minutes of the 108th Annual General Meeting were confirmed as a true and correct record.
(Messrs P Dobbie /B Lowery)

ANNUAL REPORT:

The Chairman requested that his report and the EMG report as printed in the annual report booklet be taken as read. In addition to his report the Chairman noted that the membership of the Association was reasonably steady at around 1,500 and that an additional discount of \$100,000 had been recently paid to members. The Chairman also noted that there was work needed to be undertaken at the Milton premises to ensure that a practical and comfortable working environment is maintained and that part of the \$748,000 of cash flow from operations achieved in the past year would be used for this purpose. The alterations to the Balclutha building were finally officially opened on 20 April 2017 by Bruce Bisset a former CEO of the Association and the Chairman expressed the view that this was very appropriate in view of Bruce's strong contribution to the CVA over many years. The Chairman also noted that obtaining professional staff is an ongoing issue for the Association and that good quality staff are highly valued. Generally the CVA appears to be going from strength to strength.

Sid Taylor (Senior Veterinarian and EMG Member), endorsed the Chairman's comments with reference to difficulty in obtaining staff and noted that for various reasons, including a fluctuating veterinary workload, that achieving the optimum mix of staff over the past year had proved to be problematic. On a more positive note Mr Taylor noted that some significant staff appointments have been made recently which should prove of benefit to the practice and members over the ensuing years. Mr Taylor further expressed the view that the CVA needed to focus on assisting members with farming productivity issues. Mr John Smart was thanked for his huge contribution with respect to the recent Balclutha clinic alterations and it was noted that not only are the updated facilities and modern equipment of assistance in obtaining quality staff but that the small animal surgical area is of teaching standard quality.

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

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

This was seconded by Mr S Morrison (Senior Vice-Chairman CVA).

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

Mr Peter McNab endorsed Mr Taylor's comments with respect to Mr Smart's contribution to the Balclutha clinic alterations and gave a vote of thanks to Mr Smart for his phenomenal effort in that regard.

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

ELECTION OF THREE MEMBERS TO THE BOARD:

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

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

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

AUDITOR:

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

(Messrs S Korteweg/P McNab)

GENERAL BUSINESS:

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

There were no questions from the floor but thanks was given to the EMG for the recruitment efforts in obtaining quality staff. The view was expressed that at present the CVA has good quality staff and that this was much appreciated from a farmer's point of view.

There being no further business the meeting then closed at 8.25 pm.

Mr S Morrison, Senior Vice-Chairman CVA, then introduced William Sheehan, an MPI employed veterinarian who has had a recent experience with the Mycoplasma Bovis outbreak in North Otago.

William noted that he was originally from County Cork in Ireland and was now employed by MPI primarily as a veterinarian at Finegand and has also been involved in assisting with the recent Mycoplasma outbreak. Subjects covered by William included the nature of the disease, the signs and symptoms of the disease, the current situation with respect to the North Otago outbreak and the situation on farm following the first reported incidence of the disease on 21 July 2017.

Mr Bruce Lowery, Junior Vice-Chairman CVA, then thanked William for its insights into the current Mycoplasma Bovis situation in North Otago and noted that those present much appreciated the update on the situation.

Supper then followed at approximately 9:10 pm.

Confirmed as a True and Correct Record.

.....Chairman

.....Date

CLUTHA VETERINARY ASSOCIATION INCORPORATED

STAFF AS AT 30 June 2018

Balclutha Centre

Veterinarians

John Smart, BVSc
Jason Darwen, BVSc
Rob Mills, BVSc (Dist), MSc
Hamish Moore, BVSc
Annie Jackson, BVSc
Catherine Copland, BVMS
Peter Heslip, BVSc, MVM, MACVSc
Steven Butler, BVSc
Elsbeth Geddes, BVSc, BAgSc
Ruth Andrews, BVSc
Anna Burrell, BVSc
Erin Riley, BVetMed
Andrew Comerford, MVB
Andrew Roe, BVSc, MACVSc, BPhil

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 RAT
Wilma Ryan
Jane Grant
Ben Ballantyne
Rhiane Smith

Small Animal Clinic

Mary Munro
Emma Smith
Rochelle Whiteford, Cert VN

Balclutha Centre (Cont'd)

Michelle Powell, Cert VN, Cert RAT

Connie Waddingham, Cert VN

Administration

Sue McNutt

Sharron West, Cert VN

Shona Bennet

Debbie Mills

Kirsten Findlay

Milton Centre

Veterinarians

Peter Kalb, BVSc

Jillian Clark, BVSc (Dist)

Sidney Taylor, BAgSc, BVSc, MACVSc

Barbara Christensen, BVSc, MANZCVSc (Epidemiology)

Tom Wallbank, BVM & S (Hons)

Martha O'Connor, MVB

Rural Animal Technicians

Louise Oldham, Cert RAT

Dana Fleming

Kate Beattie, Dip RVT

Small Animal Clinic

Gaynor Finch, Cert VN

Tracy MacColl, Cert VN

Erin Pellett, Cert VN

Kyla Carruthers

Administration & Retail

Nathan Cornish

Carol Adams, Cert RAT

Sharni Bichan

Vivienne Warhurst

Clydevale Depot

Gary Beaumont – Store Manager

CHAIRMAN'S REPORT

Chairman's 110th Annual Report

It is with pleasure that I welcome you to the 110th Annual General Meeting of the Clutha Veterinary Association.

The rural sector across the board generally appears to be moving along well with solid returns being seen during the past 12 months. Climatically we saw a very dry summer which saw a lot of store stock exiting the region and pressure on feed as farmers looked after capital stock. We saw good prices for store stock which to some degree has lessened the impact of the season. People have made good decisions to keep the drought in the year that it happened rather than seeing it carryover into the following financial year.

The Board have had another year of consolidation with developments in extending services coming late in the year. Our meetings have largely been routine in the past 12 months. With competition in the retail sector we continue to strive for a strong business model to meet the needs of our members.

The membership of the Clutha Veterinary Association is currently 1625. Membership continues to grow year on year with the majority of member resignations being due to farmers moving to another area or retiring from farming. This would indicate that Clutha Vets continues to meet and satisfy the needs of its client base.

The past 12 months has seen Clutha Vets achieve a turnover of \$17,204,852 with the financial surplus for the year being \$362,454 which is a significant improvement on the \$288,965 surplus of the previous year.

As in previous years we have returned a significant sum of money to the members via the prompt payment discount system. As well as that we have been able to pay an additional discount to the members totalling \$300,000. This was over and above the portion of retained earnings kept to allow us to maintain and develop the capital structure of the business. The Board have continued with the policy of charging one-way mileage, during normal business hours, to all clients despite the rising costs of running vehicles. We believe this is another way we can support the members of Clutha Vets and their businesses.

The Board has been looking at how we can better service our clients in the Clutha and surrounding districts. Lawrence is an area that we felt we could provide a better service and facilities to our members. We have been exploring the possibility of purchasing an existing practice and building. Late in the financial

year we entered into a contract to buy the PGG building in Lawrence and also the existing vet practice of Tom Henderson's as he indicated he was retiring.

As always EMG's (Executive Management Group) work is fundamental to the smooth running of the Clutha Vets practice. I would like to recognise and thank the EMG for the past 12 months of work. Along with their work on the EMG the members are also crucial to the clinical practice. We appreciate that this is challenging however, they tirelessly support the business and aim to meet financial and operational targets. I would like to recognise that John Smart has retired from the EMG as of end of June after being part of the group since its inception 7 years ago. John remains employed at Clutha Vets, we thank him for his service to EMG.

The challenge of recruiting and retaining high quality staff has continued this year. This year we have seen the normal comings and goings of staff. The EMG's work extends to continually working on staff replacement for the benefit of the Clutha Vets.

The Board recognises the high calibre of staff that Clutha Vets have been fortunate to employ. We strongly believe this is attributed to the reputation of the Clutha Vets business, team and having a well-resourced business.

Again this year the Clutha Veterinary Association was audited by Audit Professionals. This is the third year this has been completed and we are awaiting the feedback from this year's audit. We will seek to reappoint Audit Professionals for the ensuing year to ensure we adhere to best practise in our financial management system.

Clutha Vets supports the community through sponsorship and scholarships. As a local business this is important to us and this year sponsorships and donations have totalled approximately \$23,000. Many of which will be groups that our members are associated with. This is very much a part of the co-operative culture.

Combined Veterinary Services (Gore) continues to grow and strengthen. Bruce Lowery and Grant Love have again represented Clutha Vets interests in this business and we thank them for their time and commitment they invest on our behalf.

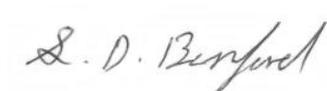
Clutha Vets continue to pride itself on providing top quality and current best practice animal health services, advice and products to members and the community, 24 hours a day, seven days a week. The dedication and commitment from the staff to ensure that this happens is deeply appreciated by the Board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

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

Our Board Secretary, Lee McAuslan continues to be a valuable member of our team. His understanding, insight and independent view of matters that arise is much appreciated. We extend our genuine thanks to Lee.

We look forward to a solid year ahead and look forward to the development of a new building in Lawrence and extending better services to all of our clients.

Yours sincerely

A handwritten signature in cursive script that reads "S. D. Bamford". The signature is written in dark ink on a light-colored background.

Steven Bamford
Chairman.

EXECUTIVE MANAGEMENT GROUP REPORT FOR 2017-2018

This past financial year has seen a very sound financial result reported. In fact before the payment of \$300,000 in additional discount back to members this is I think, even allowing for inflation, one of the best, if not the best ever results in my recall, which now goes back over 40 years. This means that since the inception of the additional discount scheme around the year 2000 more than 3.2 million dollars has been returned to farmer members (on a pro-rata basis based on annual turnover) via this scheme. You would have seen this as a credit on your August account.

A couple of months back we finally received the Code Compliance Certificate (CCC) for the Balclutha Clinic upgrade. Due to some cracking of the new external cladding necessitating its replacement (done under warranty), this plus general bureaucracy and red tape meant we have only just received the CCC. This marks the 'official' end of the clinic renovation, some 4 years after the start of the job, although we have effectively been operating out of the renovated building for just on 2 years now. It really is a top notch facility and would now have to be one of the best veterinary facilities in the country. This all helps with retaining and attracting top quality veterinary staff which is just as well as at the present time there are far more job vacancies in the country than there are vets to fill them.

While on the subject of veterinary facilities this last year has seen some activity in the Lawrence area. Tom Henderson (Lawrence Vet Services) who was providing veterinary services to the good people of Lawrence signalled his wish to us earlier this year to retire. After some deliberation Clutha Vets has purchased the business including stock & plant of Lawrence Vet Services and at the same time purchased what was the PGG Wrightson buildings at 23 Ross Place. The intention is to demolish the front building of the two and replace it with a brand new building on a similar footprint, only extending it right up to the footpath and with an overhead verandah to kind of "fit in" with the Ross Place streetscape. Planning for this is well underway now with plans drawn up for a retail shop with a consult room, surgery and small meeting room included. The retail area will have a similar floor area to our Clydevale premises for those of you who are familiar with it. As I experienced when overseeing the Balclutha Clinic upgrade, red tape is still well to the fore – we even had to get an archaeological assessment of the site done! At this stage by the time we get working plans drawn up and cut through the remaining red tape and get building consent it is looking like it will be late January/early February before building will commence. So a bit of a temporary hiatus as far as actual proper veterinary

facilities in Lawrence go however I am confident that the end result will be worth the wait and will make a valuable contribution to the greater Lawrence community. In the meantime our depot in Win Engineering will continue to provide a more basic service to the greater Lawrence area.

The main asset of a veterinary business, in fact any business, is its staff and we have been fortunate to be able to attract some high calibre vets to the team. Through the year Bridget McCauley, Marek Misiewicz & Bevan Topham resigned although Bevan is now back with us but working out of the Milton branch. On the other side of the ledger we welcomed Erin Caswell (now Riley), Andrew Comerford, Andrew Roe and most recently Samantha (Sam) Howarth. We are particularly fortunate to have Andrew Roe, who I have known for many years join us. Andrew has some 30 years' veterinary experience, mostly in the Winton area and his main interest is sheep & beef & deer. He is basically taking over the lead sheep & beef role from me as I retire from clinical practice. So think of him as the new Smarty and like a new model of car – flasher, faster and with more bells & whistles!

On the vet tech side we welcome Audrey MacBeath and Lauren Johnston and in the retail side of things Rhiane (Roly) Smith has returned to the team. Like Bevan he just couldn't stay away from the place! The companion animal team of vets & nurses has stayed very stable with no changes at all over the last financial year as has the admin team.

There has been investment in new vehicles, plant & equipment. Foremost amongst these the Milton clinic now has a digital x-ray system as a result of the Balclutha clinic upgrading its 2 year old digital system to one that can also do dental x-rays as well as the usual body/limb x-rays. Digital x-rays provide a much higher quality image plus the ability to instantly send the x-rays to specialist referral centres if needed.

The veterinary staff have held numerous client education meetings and seminars, some round the district, others in house. The seminar room upstairs in the Balclutha Clinic is proving very useful for the latter although it can only seat 60 at a pinch and hence our pre-lamb seminar on lamb rearing etc which attracted close to 100 people had to be shifted at the last minute to the Rosebank Lodge. A good problem to have I guess.

This past year has seen the discovery of more farms infected by *Mycoplasma bovis* – I think the identification of the first farm may have just snuck into our previous financial year. Luckily not too many in Otago though. However the implications of this disease and its biosecurity ramifications have impacted on us here in our day to day farm calls and also more obscure things like having to purchase a second commercial washing machine just to handle the extra overall

washing required. Remember every time animals are moved from farm to farm, whether by purchase or grazing out you could be receiving more than the animals themselves - there are any number of hidden 'lurgies' that could be accompanying them.

This is my swansong as far as AGM reports and in fact practice management as a whole goes. I am now an official "old fart" (since May Aunty Jacinda puts a little deposit in my bank account fortnightly) and I have resigned from the Executive Management Group as of the end of the financial year and have also semi-retired. I reduced my hours and now after nearly 43 years in practice, every weekend is a long weekend. Part of my role now is to have more of a presence in the retail shop in Balclutha where as well as helping with merchandise requirements in general I can field more technical queries about animal health matters. So from Tuesday – Friday there should mostly be a veterinary presence in retail. We tried to achieve this a number of years ago but it didn't really work out as whichever vet was scheduled to be present in retail invariably got pulled away to do "proper" vet work. Having a vet readily available in retail to answer questions & provide advice is another way in which we can add value to the support our farmer clients give us by purchasing their animal health requirements at the clinic. It is also intended that along with Roly Smith I will do some farm calling so I can't promise to always be here.

So while I am throttling back I will still be around for a little bit longer. I could go on and reminisce but that could take many pages. Other than to say when I first started the total Clutha Vets staff was 6, made up of 3 vets & 3 support staff, 2 of each in Balclutha & 1 of each in Milton, I will leave it at that. Thank you for your ongoing support over the last year, if not the last 43 years. I have made many friends amongst you over the years – South Otago people are the salt of the earth.

Finally be assured that all staff are constantly endeavouring to provide you with a top quality veterinary service 24/7. On the subject of 24/7, the necessity for provision of a fulltime after-hours service has come up for debate in veterinary circles, both in NZ & overseas recently as the so called millennial generation apparently desire a better work life balance. Possibly you have experienced difficulty accessing a doctor after hours as the medical profession also try to grapple with this issue. Unlike when I started and was on 24 hour call 1 weekend plus 1 week in 3, Clutha Vets is fortunate in that the after-hours load can now be spread amongst many more veterinary staff so the onus on any one individual is not too great. Despite what may or may not happen to the regulations pertaining to the current requirement that we must provide a 24 hour emergency service, which incidentally some practices who shall be nameless fail to provide, it is Clutha Vets intention to continue to provide this valued service to our clients for the foreseeable future regardless of any changes to the regulations. In my

opinion the provision of a fulltime afterhours emergency service is a cornerstone of being a vet, and core to Clutha Vets' mission. But as I am not infrequently reminded – I am more or less a dinosaur these days!

Thank you for your custom and support over the years.

Be kind to each other.

A handwritten signature in black ink, appearing to read 'John Smart', with a stylized, sweeping flourish extending to the right.

John Smart

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

CLUTHA VETERINARY ASSOCIATION INCORPORATED

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue			
Sales of Veterinary Services and Animal Health Products		17,204,852	15,218,323
Less Cost of Sales			
Opening Stock		1,321,581	1,282,428
Purchases		10,030,982	8,839,097
		-----	-----
		11,352,563	10,121,525
Less Closing Stock		1,558,903	1,321,581
		-----	-----
Cost of Sales		9,793,660	8,799,944
Members Discounts		1,400,619	1,094,646
		-----	-----
GROSS PROFIT		6,010,573	5,323,733
Plus			
Other Operating Income	2	90,559	51,274
		-----	-----
		6,101,132	5,375,007
Less			
Operating Expenses & Overheads		1,036,192	933,002
Audit Fees		11,800	11,500
Salaries and Superannuation		4,297,498	3,808,728
Bank Fees and Interest		4,278	5,982
Scholarships and Bursaries		23,100	7,950
Depreciation	4	365,810	318,880
		-----	-----
		5,738,678	5,086,042
		-----	-----
NET SURPLUS FOR THE YEAR		\$362,454	\$288,965
		=====	=====

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 2018

	2018	2017
	\$	\$
Equity at Beginning of Year	7,393,953	7,104,988
Surplus for the year	362,454	288,965
	-----	-----
Equity at End of Year	\$7,756,407	\$7,393,953
	=====	=====

Approval of Financial Statements

A. D. Duffell Chairman 31/10/18 2018

A. B. Morrison Director 31/10/18 2018

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

CLUTHA VETERINARY ASSOCIATION INCORPORATED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
Equity			
Balance 1 July 2017		7,307,662	7,018,697
Surplus for the Year		362,454	288,965
Reserve Re SIDA Shares		86,291	86,291
		-----	-----
TOTAL EQUITY		\$7,756,407	\$7,393,953
		=====	=====
Represented By:			
Non Current Assets			
Property, Plant and Equipment	4	4,996,606	5,087,744
Capital Work in Progress	4	1,052	-
Investments	5	236,777	260,777
		-----	-----
		5,234,435	5,348,521
Current Assets			
Cash and Short Term Deposits		3,029,231	2,275,929
Accounts Receivable		1,006,936	1,162,369
Inventories	6	1,558,903	1,321,581
		-----	-----
		5,595,070	4,759,879
Less Current Liabilities			
Accounts Payable	7	3,073,098	2,714,447
		-----	-----
Working Capital		2,521,972	2,045,432
		-----	-----
NET ASSETS AS PER TOTAL EQUITY		\$7,756,407	\$7,393,953
		=====	=====

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 2018

Cash Flows from Operating Activities:	2018	2017
Cash was provided from:	\$	\$
Receipts from Customers	15,947,182	13,850,485
Interest Received	1,203	4,092
Net GST Received	5,807	84,664
	-----	-----
	15,954,192	13,939,241
 Cash was disbursed to:		
Payments to Suppliers	10,793,698	9,533,600
Payments to Employees	4,065,200	3,655,455
Interest Paid	160	1,846
	-----	-----
	14,859,058	13,190,901
	-----	-----
Net Cash In Flows From Operating Activities	1,095,134	748,340
 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	365,832	763,296
	-----	-----
	(365,832)	(763,296)
	-----	-----
Net Cash (Out Flows) to Investing Activities	(365,832)	(763,296)
	-----	-----
Net Increase/(Decrease) in Cash Held	753,302	(14,956)
Add Opening Cash brought forward	2,275,929	2,290,885
	-----	-----
Ending cash carried forward	\$3,029,231	\$2,275,929
	=====	=====

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 2018

	2018	2017
	\$	\$
Net Surplus before and after taxation	362,454	288,965
Plus / (Less) Non cash Items		
Depreciation	365,810	318,880
Decrease/(Increase) in Receivables	155,433	(273,193)
(Increase) in Stock on Hand	(237,322)	(39,153)
Increase in Operating Accounts Payable	448,759	452,841
	-----	-----
	732,680	459,375
	-----	-----
Cash Flows from Operating Activities	\$1,095,134	\$748,340
	=====	=====

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 2018

1. STATEMENT OF ACCOUNTING POLICIES

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

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

Measurement Base

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

Specific Accounting Policies

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

a. Revenue Recognition

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

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

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

b. Accounts Receivable

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

c. Property, Plant & Equipment and Depreciation

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

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

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

d. Capital Work In Progress

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

e. Inventories

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

f. Income Tax

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

g. Goods & Services Tax (GST)

The Association is registered for G.S.T.

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

h. Cash and Short Term 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.

i. Investments

Investments are recorded at cost less any impairment losses.

j. Employee Entitlements

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

k. Activities

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

l. Impairment of Investments

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

m. Changes in Accounting Policies

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

2. Other Operating Income

	2018	2017
	\$	\$
Interest Revenue	1,209	4,054
Advertising Subsidies	78,407	37,107
Commissions	8,250	10,113
Insurance Recoveries	2,693	-
	-----	-----
	\$90,559	\$51,274
	=====	=====

	2018	2017
	\$	\$
3. Total Operating Revenue		
Total Operating Revenues for the year	\$17,295,411	\$15,269,597
	=====	=====

4. Property, Plant & Equipment

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
	=====	=====	=====	=====

In 2018 there is \$1,052 of capital work in progress in relation to the establishment of premises in Lawrence.

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

The latest Quotable Value rating valuation of Land and Buildings dated 1 September 2015 is \$1,680,000 which was before the major Balclutha Clinic refurbishment in 2015 to 2018. The properties are not written down to this value as the book value of \$4,425,418 will be recovered from future use.

5. Investments

	2018	2017
	\$	\$
Unlisted Companies - Shares	1,280	1,280
Unlisted Companies – Unsecured Advance	230,497	254,497
Unlisted Companies – Debentures	5,000	5,000
	-----	-----
	\$236,777	\$260,777
	=====	=====

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

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

6. Inventories

	2018	2017
	\$	\$
Finished Goods	\$1,558,903	\$1,321,581
	=====	=====

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

7. Accounts Payable

	2018	2017
	\$	\$
Trade Creditors	1,435,903	1,211,012
Owing for property redevelopment	46,000	136,108
Employee Entitlements	1,421,667	1,203,605
G.S.T. Payable	169,528	163,722
	-----	-----
Total Accounts Payable	\$3,073,098	\$2,714,447
	=====	=====

8. Secured Liabilities

The Association did not have any Secured Liabilities as at 30 June 2018 (2017: Nil).

The Association has an overdraft facility of \$1,000,000 with BNZ Bank (2017: \$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 2018.

11. Capital Commitments

Estimated capital expenditure committed to be spent as at 30 June 2018 was \$135,000 (2017 \$Nil).

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:

	2018	2017
Less than one year	53,120	53,195
Between one to five years	146,896	200,016
	-----	-----
	\$200,016	\$253,211
	=====	=====

13. Subsequent Events

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

14. Related Party

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

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

The Directors received board honorarium and reimbursements totalling \$31,582 (2017 \$30,170) for the year.

As at 30 June 2018 Messrs B A Lowery and G Love are the Association appointed Directors of Combined Vet Services (Gore) Limited.

CLUTHA VETERINARY ASSOCIATION INCORPORATED



Independent Auditor's Report

to the members of Clutha Veterinary Association Incorporated

Our Opinion

We have audited the financial statements of the Clutha Veterinary Association Incorporated (the Association) which comprise the statement of financial position as at 30 June 2018, 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 2018 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 include with the financial statements comprises the notice of annual general meeting, Association particulars, minutes, staff directory, Chairman's report and Executive Management Group report. The Directors are responsible for this other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Directors' Responsibilities for the Financial Statements

The Directors are responsible, on behalf of the Association, for the preparation and fair presentation of the financial statements in accordance with the accounting policies adopted by the Association and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Directors are responsible, on behalf of the Association, for assessing the Association's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could

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

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

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standard/Page8.aspx

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 2018

Dunedin

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