

**CLUTHA VETERINARY ASSOCIATION INCORPORATED**

*112th Annual Report*

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE, 2020**

To be presented at the

**ANNUAL GENERAL MEETING**

to be held at the

**The Prospector Café**

**premises**

**12 Ross Place**

**Lawrence**

on

**TUESDAY 24<sup>th</sup> November 2020**

**at 6.30 p.m.**

**CLUTHA VETERINARY ASSOCIATION INCORPORATED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

# **CLUTHA VETERINARY ASSOCIATION INCORPORATED**

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the One hundred and twelfth Annual General Meeting of Members of the Clutha Veterinary Association Inc. will be held at The Prospector Café, 12 Ross Place, Lawrence, on Tuesday 24<sup>th</sup> November 2020 at 6.30 pm.

### **Ordinary Business**

1. To receive apologies.
2. To confirm the minutes of the previous Annual General Meeting held 19<sup>th</sup> November 2019.
3. To receive and consider the Chairman's Report, the Executive Management Group Report, the Financial Statements and the Auditor's Report.
4. To elect three Directors to the Board. Messrs S D Bamford, P Dobbie and A S Morrison retire by rotation in accordance with the Rules of the Association. Messrs Bamford, Dobbie and A S Morrison offer themselves for re-election.

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

S D Bamford	(S Grant/J Craig)
P Dobbie	(P Neame/C Whiteside)
A S Morrison	(C Morahan/E Dick)

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 3 November 2020

# **CLUTHA VETERINARY ASSOCIATION INCORPORATED**

## **PARTICULARS**

### **Directors (as at 30 June 2020)**

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  
Preston Russell

## CLUTHA VETERINARY ASSOCIATION INCORPORATED

**Minutes** of the 111<sup>th</sup> Annual General Meeting of Members of the Association held at the Balclutha Clinic situated at 3 Wilson Road Balclutha on Tuesday 19 November 2019 at 8.20 p.m.

### **PRESENT:**

Mr S Bamford (Chairman) presided over an attendance of 26 Members.

The Chairman welcomed members to the 111<sup>th</sup> Annual General Meeting.

### **APOLOGIES:**

Andrew Begg, Gary McCorkindale, Steve Tickner, Mike & Mary Munro, Graham & Pam Hunter,

Don Moffat, Sid Taylor, Grant Love, Scott Keenan, David McNab, Howie Gardner, Todd & Sophie Rowland,

Greg Ramsay, Lyndon McNab, Don Murray, Luke Tweed, Craig Lister, Nigel McLachlan, Hamish Bielski.

Apologies Sustained.

(Messrs P McNab /S Morrison)

### **MINUTES:**

The minutes of the 110<sup>th</sup> Annual General Meeting were confirmed as a true and correct record.

(Messrs P McNab /R van Vugt)

### **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 continued to grow and now stood at 1,692, turnover for the year was over \$18.0 million and that after an additional discount of \$200,000 that had been recently paid to members, profit for the year was \$374,000 which enabled the retention of funds for capital expenditure. The Chairman noted that the development at Lawrence had proved to be a slow and frustrating process but that consents were now in place. Plans of the Lawrence premises were available for members to view at the meeting and he thanked the Lawrence community and Wins engineering for their patience while the development took place. It was also noted that the CVA was hosting the ARVP 2020 conference, that the Association had continued to provide the usual academic sponsorships and that the Association had recently sponsored a van which was made available to Telford. The EMG were thanked

for their input throughout and noted that the EMG had challenging roles in combining both management and clinical duties.

Hamish Moore (Senior Veterinarian and EMG Member), noted that the 2018/19 year had been a difficult one for farming climatically. Mr Moore noted that over the past 18 years members additional discounts had totalled in excess of \$3 million. Mr Moore noted that the Massey scholarships were very useful in attracting quality new graduate staff and while discussing staff noted that Gary Beaumont, the former manager of the Clydevale store had retired after 22 years of service to the CVA. There have been a good number of people using the CVA social media facilities and it is anticipated that use of this area will grow in the future. Mr Moore concluded by thanking the CVA staff for the efforts and members for their support of the Association during the past year.

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 P Dobbie (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 Mr Moore and Mr Mills (CVA EMG members), elaborated on the position of Alex McLaughlin at the CVA as that of being to assist with workplace staff well-being.

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 three nominations had been received for the three vacancies arising due to retirement that Messrs Tony Homer, Garth Shaw and Rob van Vugt were declared elected to the Board.

#### **AUDITOR:**

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

(Mr T Homer/Mrs A Wells).

#### **ADOPTION OF NEW RULES:**

The Chairman advised that the Board had reviewed the rules of the Association and that it was considered that some minor administrative matters needed

clarifying and that some modernisation of the rules was desirable. The Chairman noted that the proposed new rules had been made available to members both in the annual report and on the CVA website.

Further explanation of the effects of the new Rules respects to membership and composition of the Board was made and some questions from the floor answered.

It was then moved that the new rules as circulated in the annual report be adopted.

(Messrs P Corboy/P McNab).

**GENERAL BUSINESS:**

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

- Robert Mills (EMG member – CVA) asked the meeting for suggestions for encouraging more members to attend the AGM. Additional farming presentations were suggested as was a non-farming related guest speaker. These ideas were briefly discussed.
- The Chairman stated that the Board is looking forward to the completion of the Lawrence premises.
- The Chairman thanked Mrs Sue McNutt and her team for organising the AGM.

There being no further business the meeting then closed at 8.50 pm.

Supper then followed.

Confirmed as a True and Correct Record.

.....Chairman

.....Date

# CHAIRMAN'S REPORT

## Chairman's 112<sup>th</sup> Annual Report

It is with pleasure that I welcome you to the 112<sup>th</sup> Annual General Meeting of the Clutha Veterinary Association.

Membership of the CVA is 1,756 which is a steady increase of both small animal owners and farming members. Of interest in 2010 membership was 1,155 which is growth of 601 over the past 10 years. This is pleasing to the Board as every client is a valued member of the Clutha Vets business. The continued increase in members would indicate that Clutha Vets continues to meet and satisfy the needs of its client base.

This year has been difficult for a number of reasons. COVID-19 has obviously placed a strain on the world, specifically here in New Zealand the lock down earlier in the year created uncertainty and pressure in our sector. Farmers have struggled to get lambs and cattle away and there has been uncertainty around pricing. Pleasingly the commodity side of products have been holding their own, however top end cuts such as venison and lamb racks are struggling to retain their value in the market.

### **Financial**

During the past 12 months the turnover at Clutha Vets is \$19,202,268 an increase from \$18,076,640 the previous year. The financial surplus for the year of \$330,047 is a pleasing result as we have been able to return \$1,141,969 in prompt payment discounts as well as paying an additional discount of \$500,000 to its members. Reflecting on the past 10 years, in 2010 the turnover was \$11,668,481 which shows the growth of the Clutha Vets business backed up by the growing membership.

The discounts applied are 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 and reduced after-hours mileage. These are just some of the benefits available to the members of the Clutha Vets.

### **Development**

Lawrence has stretched over three years to get up and running. The brief given to the architect was to design a building that was in keeping with Lawrence history- and I feel he has captured this with a modern look. Our end goal has not

changed to supply a better service to this areas of our practice through having our own building staffed by Clutha Vets professionals with a full range of products in store at the same competitive price. It will also have regular vet in attendance.

### **Board**

The Board have had a sporadic year with needing to cancel a couple of meetings due to COVID-19. We were also planning to host the ARVP conference during winter which has been postponed until April next year. Otherwise it has been business as usual for the Board and we have been looking at opportunities as they arise within the practice area.

### **Community contribution.**

We believe it is important as a local business of this size to continue to support the community through sponsorship and scholarships. To this end in the past 12 months we have contributed back to the community in excess of \$18,000 in the form of donations, scholarship and sponsorship. In a year that has had some pivotal negative impacts on our community as a result of COVID-19 our community contribution remains increasingly valuable to those we support.

### **EMG**

On behalf of the Board I would like to recognise and thank the EMG for the past 12 months of work. The work that the EMG undertakes is pivotal to the smooth running of the Clutha Vets practice. As the effects of COVID-19 emerged and the restrictions placed on all in New Zealand the EMG led the business through the required adaptation to providing vital services to its members safely. The members of the EMG not only contribute in this way, but also in the clinical practice. We appreciate that this is challenging however, they tirelessly support the business and aim to meet financial and operational targets.

### **Staff**

The Clutha Vets is fortunate to have high calibre of staff. Our staff continues to grow, from 2010 where we had 43 we now have 54 dedicated professionals. This increase also includes 8 additional vets. The staff of Clutha Vets have managed the business well during the times of uncertainty this year. From fast moving Level changes earlier in the year everyone adapted quickly to continue to support the Clutha Vets. The Board recognise the dedication that the staff of Clutha Vets give to the business in support of its members.

## **Conclusion**

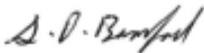
This is your business and with you continuing to choose Clutha Vets as your preferred animal health provider it allows us to continue to have top quality staff and state of the art equipment and technology, which in turn enables Clutha Vets to add value to your business.

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

Our Board Secretary, Lee McAuslan, remains a key member of the team, he has again displayed the highest level of professionalism in giving advice and support at meetings to the Board.

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 that reads "S. D. Bamford".

Steven Bamford

Chairman.

# **EXECUTIVE MANAGEMENT GROUP REPORT FOR 2019-2020**

Just as 2010 was a spring to remember and wish never to be repeated, we suspect that 2020 will be a year we will wish to move quickly on from as well. It has been a year of big challenges at Clutha Vets from a management perspective, but has been our best year financially for the club in living memory.

Although many people think vet clinics are all about animals, Clutha Vets is really about people. Our clients and our staff interacting via the medium of animals is what we are all about. Building up the strong relationships that are important in a small community like South Otago is something Clutha Vets holds of high importance in our dealings with the public. Every person who we interact with is important.

Being a community owned practice, giving back to the community in a number of ways (not just in veterinary matters), is important to Clutha Vets. This can be in the form of sponsorship of local events within the community, but actively involving ourselves in different areas within the community, inside and outside of work time, is also something we are proud of. From coaching rugby teams, pony club events, pet days, firefighting, Yellow-Eyed Penguin trust, Scouts, touch rugby, trail rides, horse trekking etc, there are many areas that Clutha Vets is giving back to the community who owns us.

Clutha Vets is well known for its high retention of staff, and this year has been testament to this. The only changes were the retirement of Peter Kalb, large animal vet from the Milton Clinic, who left us in April after 36 years of service, and Mary Munro, from the Balclutha Administration team, after beginning employment 43 years previously. We couldn't have asked for more than that. Clients and staff have been sad to see them go.

The travel grants that the Clutha Veterinary Association award to five Massey veterinary students each year are proving their value, helping us to recruit excellent young vets to the area. We are glad to have welcomed Marcus Yule, a Massey University new graduate, to the veterinary team. The great team we have at the moment is also encouraging the retention of our young staff.

Along with the great staff we have at Clutha Vets, we are also privileged to work in excellent facilities, with modern equipment and diagnostic tools, all which help to contribute to Clutha Vets being able to continue to provide up-to-date

service and the best care and treatment possible for all the animals that we service. We are constantly striving to see how we can improve our services, and we always appreciate your feedback on how we are helping your business or family, and what more we can do. Your Board is very supportive of making sure we have the equipment required to improve the service we provide, and our efficiency and safety in doing so.

This year was the year we were to be opening our new clinic in Lawrence. This has been a long-term project which took its first material steps back in 2017 when Clutha Vets purchased Lawrence Vet Service and the old Wrightson building. As with most of these sorts of projects there were plenty of hold-ups and the Clutha Vets Lawrence Clinic was not able to be opened until 2020/21 year. We wish to thank the people of Lawrence for waiting so patiently but we are sure you will find it is worth waiting for! The hardest time, of course, was seeing the structure come to a complete standstill in March, when the COVID lockdown began. We would like to thank John Smart, who undertook to be project manager of the building and Jillian Clark, who has become the Lawrence Clinic Manager, for all the time and effort they have put in to help this project finally come to fruition.

Financially, this year has proven to be Clutha Vets strongest year on record. This was on the back of a very strong year for farmers, with returns for most commodities at very good prices. The value of our Companion Animals are also proving to be growing each year. Being able to offer a top-quality orthopaedic service for our working dogs is a big part of this. Annuia Burrell, mixed animal practitioner in Balclutha, began extra training so she will be able to assist Peter Heslip with the orthopaedic surgeries.

With the very pleasing financial result for the year, it is even more pleasing to be able to return to our members \$500,000 in additional discount, on top of the \$1,141,969 already discounted for members from services, travel and animal health products throughout the year.

Clutha Vets continues to show its commitment to Telford as it has undergone a number of changes in recent years. The Board very generously provided a mini-van for Telford to use to help with the transport of students to farms where they are doing practical work. This van is well branded with Clutha Vets signage. We have also continue to assist not only with the practical training component of the Rural Veterinary Technician course, but have committed to help with tutoring of the RVT students under the SIT banner. Steven Butler is managing this role very well for us.

Client Education is an important aspect to our commitment to our clients. We run very well attended diary and sheep seminars throughout the year, and at different locations as needed and still continue to offer free puppy classes for our members. COVID interrupted some of these planned sessions this year as were adamant, although the risk was low, we did not want to be responsible for a “Clutha Vets Cluster”.

The year was proceeding very well until March 25<sup>th</sup> when the COVID lockdown happened. This presented the Executive Management Group with a number of challenges both from a business and a staff perspective. Some of our staff rose to the occasion and all of the challenges from the conditions imposed, while some struggled with the stress and anxiety that came with the unknowns that the COVID pandemic was (and is) presenting to us. It was stressful period for the EMG too who had to deal with each new challenge as it arose. However, being able to support each other through each issue demonstrated the value of our shared management model; and the support of the Board made it manageable. It became a matter of what we could do to protect the business and keep it functioning for our clients, and balancing this with protecting our staff from the potential risk of being exposed to COVID, and for our staff with families, helping to mitigate the risk for them. We became very good with Zoom meeting as we met daily to work through scenarios as they arose. There have been valuable lessons learnt through this period, including seeing how different staff reacted to the uncertainty and anxiety, and how much they looked to the EMG for leadership and direction. We were very fortunate to come through the lockdown relatively unscathed compared to other businesses, but in some aspects it has taken a toll on some members of staff.

The EMG would like to sincerely thank all the staff who have helped to contribute to another year of providing top quality and up-to-date animal health services, advice and products to our members and the community, 24 hours a day, 7 days a week. Clutha Vets would not be able to provide the services that we provide without the great people that make up the staff of Clutha Vets. I would challenge anyone to find a vet practice with more talented and experience team of vets. We are proud of their skills, knowledge and commitment to our clients, their animals, our community and area. Our lay staff in retail and administration contribute to the success of our vet team and build on that with their ongoing support and dedication to our clients.

We also of course would like to sincerely thank the members of the CVA Board who have encouraged and helped guide us through this year. We would like to especially thank Steven Bamford for his ongoing support for the EMG in his role of Chairman. His advice, direction and help, have proven to be much needed

this year, and truly appreciated. At times when we have challenges that we must face, knowing that we have the solid backing of the Board, helps to make the job easier. Thanks also to Lee McAuslan for his ongoing professional contribution to the business in his role as Secretary to the Board.

And, of course, we would like to thank our solid base of clients who continue to support the vet club.

As for the rest of the challenging 2020 year... you will have to wait until next year's AGM!



Annie Jackson

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

# CLUTHA VETERINARY ASSOCIATION INCORPORATED

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
<b>Revenue</b>			
Sales of Veterinary Services and Animal Health Products		19,202,268	18,076,640
<b>Less Cost of Sales</b>			
Opening Stock		1,829,290	1,558,903
Purchases		10,420,458	10,529,759
		-----	-----
		12,249,748	12,088,662
Less Closing Stock		1,553,588	1,829,290
		-----	-----
<b>Cost of Sales</b>		10,696,160	10,259,372
Members Discounts		1,641,969	1,303,841
		-----	-----
<b>GROSS PROFIT</b>		6,864,139	6,513,427
<b>Plus</b>			
Other Operating Income	2	72,094	67,723
		-----	-----
		6,936,233	6,581,150
<b>Less</b>			
Operating Expenses & Overheads		1,103,579	1,124,536
Audit Fees		12,500	12,000
Salaries and Superannuation		5,107,045	4,689,294
Bank Fees and Interest		6,852	5,466
Scholarships and Bursaries		18,000	10,750
Depreciation	4	392,992	365,064
Gain on Sale of vehicles		(34,782)	-
		-----	-----
		6,606,186	6,207,110
		-----	-----
<b>NET SURPLUS FOR THE YEAR</b>		\$330,047	\$374,040
		=====	=====

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 2020

	2020	2019
	\$	\$
Equity at Beginning of Year	8,130,447	7,756,407
Surplus for the year	330,047	374,040
	-----	-----
Equity at End of Year	\$8,460,494	\$8,130,447
	=====	=====

### Approval of Financial Statements

*S. D. Brough* Chairman *3/11/2020*

*A. S. Morrison* Director *3/11/2020*

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

# CLUTHA VETERINARY ASSOCIATION INCORPORATED

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
<b>Equity</b>			
Balance 1 July 2019		8,044,156	7,670,116
Surplus for the Year		330,047	374,040
Reserve Re SIDA Shares		86,291	86,291
		-----	-----
TOTAL EQUITY		\$8,460,494	\$8,130,447
		=====	=====
<b>Represented By:</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	4	4,842,413	5,007,945
Capital Work in Progress	4	506,659	110,083
Investments	5	285,777	285,777
		-----	-----
		5,634,849	5,403,805
<b>Current Assets</b>			
Cash and Short Term Deposits		3,584,686	2,496,681
Accounts Receivable		825,486	1,186,507
Inventories	6	1,553,588	1,829,290
		-----	-----
		5,963,760	5,512,478
<b>Less Current Liabilities</b>			
Accounts Payable	7	3,138,115	2,785,836
		-----	-----
<b>Working Capital</b>		2,825,645	2,726,642
		-----	-----
NET ASSETS AS PER TOTAL EQUITY		\$8,460,494	\$8,130,447
		=====	=====

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 2020**

<b>Cash Flows from Operating Activities:</b>	<b>2020</b>	<b>2019</b>
Cash was provided from:	\$	\$
Receipts from Customers	17,919,493	16,597,324
Interest Received	1,379	1,147
Net GST Received (Paid)	(51,214)	(35,517)
	-----	-----
	17,869,658	16,562,954
 Cash was disbursed to:		
Payments to Suppliers	11,377,691	11,932,954
Payments to Employees	4,849,489	4,628,115
	-----	-----
	16,227,180	16,561,069
	-----	-----
<b>Net Cash In Flows From Operating Activities</b>	<b>1,642,478</b>	<b>1,885</b>
 <b>Cash Flows from Investing Activities:</b>		
Cash was provided from:		
Sale of Vehicles	34,782	-
	-----	-----
	34,782	-
 Cash was applied to:		
Purchase of Property, Plant & Equipment	192,679	376,404
Capital Work In Progress	396,576	109,031
Purchase of Investments (Goodwill)	-	49,000
	-----	-----
	(589,255)	(534,435)
	-----	-----
<b>Net Cash (Out Flows) to Investing Activities</b>	<b>(554,473)</b>	<b>(534,435)</b>
	-----	-----
Net Increase/(Decrease) in Cash Held	1,088,005	(532,550)
Add Opening Cash brought forward	2,496,681	3,029,231
	-----	-----
<b>Ending cash carried forward</b>	<b>\$3,584,686</b>	<b>\$2,496,681</b>
	=====	=====

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

**CLUTHA VETERINARY ASSOCIATION INCORPORATED**

**RECONCILIATION OF OPERATING CASH FLOWS**

**TO THE NET SURPLUS**

**FOR THE YEAR ENDED TO 30 JUNE 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net Surplus before and after taxation	330,047	374,040
Plus / (Less) Non cash Items		
Gain on Sale of Vehicle	(34,782)	-
Depreciation	392,992	365,064
Decrease/(Increase) in Receivables	359,193	(179,571)
Decrease/(Increase) in Stock on Hand	275,702	(270,387)
Increase in Operating Accounts Payable	319,326	(287,261)
	-----	-----
	1,312,431	(372,155)
	-----	-----
<b>Cash Flows from Operating Activities</b>	<b>\$1,642,478</b>	<b>\$1,885</b>
	=====	=====

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

# CLUTHA VETERINARY ASSOCIATION INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

#### 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**

	<b>2020</b>	<b>2019</b>
	\$	\$
Interest Revenue	1,361	1,151
Advertising Subsidies	63,997	56,864
Commissions	6,736	7,253
Insurance Recoveries	-	2,455
	-----	-----
	\$72,094	\$67,723
	=====	=====

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>3. Total Operating Revenue</b>		
Total Operating Revenues for the year	\$19,274,362	\$18,144,363
	=====	=====

#### 4. Property, Plant & Equipment

<b>2020</b>	<b>Cost or Valuation</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>	<b>Depreciation This Year</b>
Land & Buildings (Valuation)	5,922,661	1,844,827	4,077,834	175,225
Plant & Machinery (Cost)	844,182	696,238	147,944	68,128
Motor Vehicles (Cost)	1,292,338	725,678	566,660	129,366
Office Equipment (Cost)	529,835	501,456	28,379	10,920
Fixtures & Fittings (Cost)	183,667	162,071	21,596	9,353
	-----	-----	-----	-----
	\$8,772,683	\$3,930,270	\$4,842,413	\$392,992
	=====	=====	=====	=====

In 2020 there is \$506,659 work in progress which mainly relates to the establishment of premises in Lawrence (2019 \$110,083).

<b>2019</b>	<b>Cost or Valuation</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>	<b>Depreciation This Year</b>
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
	=====	=====	=====	=====

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 \$4,077,834 will be recovered from future use.

#### 5. Investments

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
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	49,000
	-----	-----
	\$285,777	\$285,777
	=====	=====

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 2020 the loan is fully recoverable and the shares have value.

The debentures are held in Ethical Agents Veterinary Marketing Limited.

## 6. Inventories

	2020	2019
	\$	\$
Finished Goods	\$1,553,588	\$1,829,290
	=====	=====

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

## 7. Accounts Payable

	2020	2019
	\$	\$
Trade Creditors	1,300,708	1,154,770
Employee Entitlements	1,754,610	1,497,055
G.S.T. Payable	82,797	134,011
	-----	-----
Total Accounts Payable	\$3,138,115	\$2,785,836
	=====	=====

## 8. Secured Liabilities

The Association did not have any Secured Liabilities as at 30 June 2020 (2019: Nil).

The Association has an overdraft facility of \$1,000,000 with BNZ Bank (2019: \$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 2020.

**11. Capital Commitments**

Estimated capital expenditure committed to be spent as at 30 June 2020 was \$39,444 (2019 \$476,300).

**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:

	<b>2020</b>	<b>2019</b>
Less than one year	47,980	48,872
Between one to five years	71,745	119,724
	-----	-----
	<b>\$119,725</b>	<b>\$168,596</b>
	=====	=====

**13. Subsequent Events**

The directors are not aware of any matter or circumstance since the end of the financial year, not otherwise dealt with in this report that has significantly, or may significantly affect the operation of the Clutha Veterinary Association 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 2020 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 \$32,729 (2019 \$31,457) for the year.

Lee McAuslan (Secretary) is also a Director at Hayward McAuslan Limited who perform accounting work for Clutha Veterinary Association Incorporated. These services are performed on a normal arms length transaction basis.

### **15. Covid-19 Virus**

The Covid-19 Virus pandemic which resulted in a lockdown throughout New Zealand from 24 March 2020 to mid May 2020, is not expected to have any significant impact on the future activities of the Association.

# 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 2020, 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 2020 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](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  
4 November 2020

Dunedin

# NOTES

# NOTES

# NOTES