

NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		\$	\$
REVENUE			
Advertising & Sponsorship		1,388,720	1,196,770
Event Management		1,013,335	941,060
Other Income	4	399,819	383,823
Subscription Revenue		1,606,901	1,620,020
Total Revenue		4,408,775	4,141,673
EXPENDITURE			
Administration General	9	351,628	396,715
Depreciation & Amortisation	5,6	70,174	94,966
Personnel		1,959,827	1,990,493
Other Member Expenses		2,124,593	1,910,922
Total expenses		4,506,222	4,393,096
Operating deficit		(97,447)	(251,423)
Non operating transactions			
Plus Unrealised Gains on Investments		(4,265)	26,704
Net revenue and expenses on specific reserves	12	18,303	(27,993)
Net deficit for the year before tax		(83,409)	252,712
Taxation		-	-
Net deficit for the year after tax		(83,409)	(252,712)

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The accompanying notes form part of and should be read in conjunction with these consolidated financial statements

NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Opening general member funds		4,216,682	4,441,401
Transfer (to)/from specific reserve funds	12	(18,303)	27,993
Net surplus/(deficit) for the year		(83,409)	(252,712)
General members funds at year end		4,114,970	4,216,682
Opening specific reserve funds		390,603	418,596
Transfer from/(to) general member funds	12	18,303	(27,993)
Total specific reserve funds		408,906	390,603
Equity at year end		4,523,876	4,607,285

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The accompanying notes form part of and should be read in conjunction with these consolidated financial statements

NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Current Assets			
Cash and cash equivalents		1,232,783	1,526,656
Short term investments		-	7,013
Accounts receivables	8	806,595	814,017
Stock on hand		682	1,341
Prepayments		104,358	98,729
Term Deposits < 12 months		2,642,247	2,468,904
Accrued interest		39,071	40,697
Total Current Assets		4,825,736	4,957,357
Non Current Assets			
Investments	7	252,340	322,946
Property, plant and equipment	5	583,500	630,245
Intangible Assets	6	33,398	51,980
Total Non Current Assets		869,238	1,005,171
TOTAL ASSETS		5,694,974	5,962,528
Current Liabilities			
Accounts payable	10	286,286	351,947
Income in advance	11	818,526	880,405
GST payable		66,074	122,600
Total Current Liabilities		1,170,886	1,354,952

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The accompanying notes form part of and should be read in conjunction with these consolidated financial statements

NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued
AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Non Current Liabilities			
Branch funds		212	291
Total Non Current Liabilities		212	291
TOTAL LIABILITIES		1,171,098	1,355,243
NET ASSETS		4,523,876	4,607,285
MEMBERS EQUITY			
Represented by:			
General reserves		4,114,970	4,216,682
Ian Duncan funds	12	273,123	265,271
Marion Cunningham funds	12	76,142	76,231
Don McLaren funds	12	9,130	-
Barbara Smith Scholarship	12	50,511	49,101
Equity at end of Year		4,523,876	4,607,285



Elise Adams
NZVA Acting CEO
Date 4 April 2019



Peter Blaikie
NZVA President
Date 4 April 2019

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The accompanying notes form part of and should be read in conjunction with these consolidated financial statements

**NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

New Zealand Veterinary Association Incorporated (the "Society"), is a society incorporated under the Incorporated Societies Act 1908.

The New Zealand Veterinary Association (NZVA) is the membership association representing New Zealand veterinarians. We're committed to safeguarding the high skills, continuing development and ethical standards of the New Zealand veterinary profession – ensuring the profession's contribution to society is the very best it can be.

The consolidated financial statements are for the New Zealand Veterinary Association Incorporated Group, (the "Group") which includes subsidiaries and branches considered as controlled entities as disclosed in Note 3.

Basis of Preparation

These financial statements have been prepared in accordance with Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) referred to as SPFR, and able to be applied by Not-For-Profit entities published by the New Zealand Institute of Chartered Accountants.

Statement of Compliance

The Group has complied with the SPFR for FPEs in all material respects.

Historical cost

These financial statements have been prepared on a historical cost basis, except for non-current investments. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

2 SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies have been applied:

2.1 Consolidation Accounting Policy

The Group financial statements are prepared by combining the financial statements of all the entities that comprise the Group, on a line by line basis. Consistent accounting policies are employed across all consolidated entities in the preparation and presentation of the Group financial statements. In preparing the Group financial statements, all inter-entity balances and transactions are eliminated in full.

2.2 Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and short term deposits with an original maturity of less than three months that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.3 Current Investments

Current investments are valued at market value. Where the carrying amount of an investment exceeds its recoverable amount it is written down to its recoverable amount.

2.4 Non- Current Investments

All Investments except for the Active Series fund managed by Westpac are valued at cost plus an adjustment on a yield to maturity basis, to write off any premium or discount on purchase over the period the investment is held.

The Active fund is held by Elizabeth Veterinary Benevolent Fund. This investment was consolidated into a single fund in 2018. It was initially held at cost and subsequently measured at fair value. Subsequent to initial recognition, any changes in fair value have been recognised in the Consolidated Statement of Financial Performance. The value of these Investments as at 31 December 2018 was \$252,340 (2017:\$322,946).

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NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2.5 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets and includes the cost of replacements that are eligible for capitalisation when these are incurred.

Depreciation has been provided on a straight line basis. The Group consider the rates used allocate, as fairly as practicable, depreciation to the periods expected to benefit from the use of the assets.

Land	Not depreciated
Premises	2%
Plant & Equipment	20% - 30%
Furniture & Fittings	5% - 20%
Computer Hardware	25%
Web Phase Projects	25%
Alterations	10%

An item of property, plant and equipment or investment property is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

2.6 Intangible Assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a systematic basis over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the method for an intangible asset is reviewed at each financial year-end. Changes in the expected useful life are accounted for by changing the amortisation period for the current and future reporting years. Where no reliable estimate can be determined, the intangible asset will be amortised over 10 years.

The following estimated amortisation rates/useful lives have been used:

Computer Software	25% Straight Line
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Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is recognised.

2.7 Accounts Receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Individual debts that are known to be uncollectable have been provided for, and will be written off.

2.8 Financial instruments – financial assets

At initial recognition the Group determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any association transaction costs.

Amortised cost

Includes assets where the Group intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2018

Fair value

Financial assets not held at amortised cost or cost are held at fair value and include non current investments. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available the instrument shall be measured at a prior year's fair value less any accumulated impairment loss. Fair value has been determined from the PIE client balance report from BT Funds Management (NZ) Ltd for the Active Series Fund and the NZX NZ's Exchange price for Contact Energy as at 31st December 2018.

Gains and losses are recognised in profit and loss for movements in the fair value of the assets and when the assets are derecognised.

2.9 Taxation

The Group is exempt from income tax under the Veterinary Services Bodies provisions of Section CW50 of the Income Tax Act 2007.

2.10 Goods and Services Tax (GST)

All amounts are stated exclusive of goods and services tax (GST) except for accounts receivable and accounts payable.

2.11 Leases

Operating lease payments; where the lessors effectively retain all the risks and benefits of ownership of the leased items, are recognised as an expense in the profit or loss on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payment between rental expense and reduction of the liability.

2.12 Accounts Payable

Trade and other payables represent the liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. These amounts are usually settled within 30 days.

2.13 Employee Entitlements

All employee benefits of the Group that are expected to be settled within 12 months of the reporting date, are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to the reporting date, plus annual leave earned and accrued to, but not taken at the reporting date.

2.14 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the society and revenue can be reliably measured.

- **Advertising & Sponsorship** revenue is recognised when the services are performed by the Group. Amounts received in advance of the service being provided are deferred and recognised as Income in Advance.
- **Event Management** revenue is recognised when the services are performed by the Group. Amounts received in advance of the service being provided are deferred and recognised as Income in Advance.
- **Other Income** revenue is recognised when the services are performed by the Group. Amounts received in advance of the service being provided are deferred and recognised as Income in Advance.
- **Interest revenue** is recognised as interest accrues or when paid.
- **Subscription Revenue Income** received from members' subscriptions is recognised in the period (year) to which they relate to and then when received.

NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2018

3 GROUP INFORMATION SUBSIDIARIES

The consolidated financial statements of the Group include NZVA and the following subsidiaries:

Name of Subsidiary	Principal Activities	Country of incorporation	Percentage Equity interest	
			2018	2017
Auckland Branch of NZVA	Promotion and support for veterinarians in region	NZ	100%	100%
Camelid Branch of the NZVA	Promoting interests of the camelid industry	NZ	100%	100%
Club Practitioners Branch of the NZVA	Promoting interests of veterinarians involved in club practice	NZ	100%	100%
Complementary Veterinary Medicine Branch of the NZVA	Promotion of integrative healthcare	NZ	100%	100%
Dairy Cattle Society of the NZVA	Promotion and support for dairy cattle veterinarians	NZ	100%	100%
Deer Branch of the NZVA	Promotion and support for deer veterinarians	NZ	100%	100%
Elizabeth Veterinary Benevolent Fund	Fund to support veterinarians during specific events	NZ	100%	100%
Epidemiology and Animal Health Management Branch of the NZVA	Promotion and support for veterinarians using epidemiological methods and their applications	NZ	100%	100%
Food Safety & Biosecurity Veterinary Branch of the NZVA	Supporting advancement of knowledge within the study of veterinary science	NZ	100%	100%
Foundation For Continuing Education of the NZVA (Closed May 2018)	A Trust to promote continuing education for veterinarians	NZ	100%	100%
Industry Branch of the NZVA	Represents veterinarians engaged in industrial employment	NZ	100%	100%
National Quality Veterinary Services	Commercial body to tender for services outside of NZVA	NZ	100%	100%
New Zealand Companion Animal Health Foundation	Trust to promote companion animal health	NZ	100%	100%
Northland Branch of the NZVA	Promotion and support for veterinarians in region	NZ	100%	100%
NZ Equine Veterinary Association	Promotion and support for equine veterinarians	NZ	100%	100%
NZVA Companion Animal Veterinarians Society	Promotion and support for companion animal veterinarians	NZ	100%	100%
Pig Veterinary Society of the NZVA	Promotion and support for pig veterinarians	NZ	100%	100%
Retired Branch of the NZVA	Promotion and support for retired veterinarians	NZ	100%	100%
Sheep & Beef Cattle Society	Promotion and support for sheep & beef veterinarians	NZ	100%	100%
Waikato Branch of the NZVA	Promotion and support for veterinarians in region	NZ	100%	100%

NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2018

Group Information Subsidiaries (continued)

Name of Subsidiary	Principal Activities	Country of incorporation	Percentage Equity interest	
			2018	2017
Wildlife Society of the NZVA	Promotion and support for wildlife veterinarians	NZ	100%	100%
NZ Veterinary Trust	Trust to promote continuing education	NZ	100%	100%

The reporting date of New Zealand Veterinary Association Incorporated and all subsidiaries is 31 December. There are no significant restrictions on the ability of the subsidiaries to transfer funds to the "Group" in the form of cash distribution or to repay loans or advances.

4 OTHER INCOME

	2018	2017
	\$	\$
Administration Revenue	157,188	169,621
Donations	37,215	8,411
Interest Income	87,626	93,022
Miscellaneous Income	117,790	112,769
Total Other Income	399,819	383,823

5 PLANT, PROPERTY AND EQUIPMENT

Group	Cost	Accumulated depreciation and impairment	Net Book Value
2018	\$	\$	\$
Premises	622,905	118,325	504,580
Plant & Equipment	16,007	13,021	2,986
Furniture & Fittings	204,467	179,865	24,602
Computer Hardware	118,038	111,557	6,481
Alterations	464,203	419,352	44,851
Total	1,425,620	842,120	583,500

Group	Cost	Accumulated depreciation and impairment	Net Book Value
2017	\$	\$	\$
Premises	622,905	110,877	512,028
Plant & Equipment	14,987	9,844	5,143
Furniture & Fittings	204,467	170,854	33,613
Computer Hardware	114,211	107,990	6,221
Alterations	464,203	390,963	73,240
Total	1,420,773	790,528	630,245

NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2018

6 INTANGIBLE ASSETS

Group	Cost	Accumulated depreciation and impairment	Net Book Value
2018	\$	\$	\$
Computer Software	202,881	169,483	33,398
Total	202,881	169,483	33,398

Group	Cost	Accumulated depreciation and impairment	Net Book Value
2017	\$	\$	\$
Computer Software	202,881	150,901	51,980
Total	202,881	150,901	51,980

7 FINANCIAL INVESTMENTS

	2018	2017
Westpac Managed Funds	\$	\$
Pie Investment Funds (at Market Value)		
Alternative Investments Fund	-	14,437
Australasian Diversified Share Fund	-	47,619
International Diversified Bond Fund	-	45,260
International Diversified Share Fund	-	69,663
NZ Diversified Bond Fund	-	36,093
Property Fund	-	12,298
Active Series Fund	211,520	
Cash Funds	-	11,928
Debenture Notes and Shares (at Market Value)		
Contact Energy	40,820	42,900
Westpac Cash Account	-	-
Financial Investments	252,340	280,198
Other Investments		
Fletcher Building 2006 (at market value)	-	10,536
Companion Animal Health Fund MDS 9532	-	32,152
LIC Shares at cost (at cost)	-	50
VetLearn Intellectual Property (at cost)	-	10
Total Financial Investments	252,340	322,946

NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2018

8 ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
Accounts receivable	812,759	814,017
Provision for bad debts	(6,164)	-
	<u>806,595</u>	<u>814,017</u>

9 FEES PAID TO AUDITORS

	2018	2017
	\$	\$
Audit fee	16,989	34,138
	<u>16,989</u>	<u>34,138</u>

10 ACCOUNTS PAYABLE

	2018	2017
	\$	\$
Trade payables	227,024	300,112
Employee entitlements	59,262	51,835
	<u>286,286</u>	<u>351,947</u>

11 INCOME IN ADVANCE

	2018	2017
	\$	\$
Association membership subscriptions	752,414	853,205
Continuing Professional Development	36,112	27,200
Sponsorship Revenue	30,000	-
	<u>818,526</u>	<u>880,405</u>

12 TRUST FUNDS

	Ian Duncan Memorial Fund	Marion Cunningham Fund	Don McLaren Fellowship Fund	Barbara Smith Scholarship
2018	\$	\$	\$	\$
Balance Brought Forward	265,271	76,231	-	49,101
Funds received	-	-	20,000	-
Interest received	7,852	2,611	-	1,410
Amount spent during year	-	(2,700)	(10,870)	-
Closing Balance	<u>273,123</u>	<u>76,142</u>	<u>9,130</u>	<u>50,511</u>

NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2018

12 TRUST FUNDS (continued)

	Ian Duncan Memorial Fund	Marion Cunningham Fund	Don McLaren Fellowship Fund	Barbara Smith Scholarship
2017	\$	\$	\$	\$
Balance Brought Forward	259,363	78,749	31,630	48,854
Funds received	-	-	-	-
Interest received	5,908	2,482	-	247
Amount spent during year	-	(5,000)	(31,630)	-
Closing Balance	265,271	76,231	-	49,101

Ian Duncan Memorial Fund - These funds were left in Trust for the Group to manage. They are to be used for research into infertility in Broodmares. Amounts are invested separately and equal the funds held in reserve in the Statement of Movements in Equity. All of the funds are at Westpac and included in cash and cash equivalents, term deposits and portfolio managed funds.

Marion Cunningham Fund - These funds were left in Trust to the Wildlife branch of the Group to be used to promote work on the preservation of endangered wildlife species. Grants are given annually to help with this work. Amounts are invested separately and equal the funds held in reserve in the Statement of Movements in Equity. All of the funds are at BNZ and are held in short term deposits.

Don McLaren Fellowship Fund - These funds were left in Trust to invest its capital fund to put towards continuing education and research in veterinary science. The annual income distribution to the Foundation will be allocated on the basis determined by the Trust and the Foundation Board. The Foundation will hold the annual income distribution and apply this in accordance with the Annual Allocation as directed by the Trust.

Barbara Smith Scholarship - These funds were left in Trust to endow a scholarship to commemorate the service of Barbara Smith to veterinary science and to the promotion of veterinary science in Industry. She was the New Zealand Veterinary Association's first woman President and became Vice-President of the World Veterinary Association.

13 OPERATING LEASE

The lease of two copiers and printers were renegotiated on 27 May 2016 for a term of 60 months expiring on 27 May 2021. The commitments at year end are:

	2018	2017
	\$	\$
Less than one year	26,664	26,664
More than one year	37,774	64,438
	64,438	91,102

Total payments under operating leases in the year were \$26,664 (2017: \$26,664).

NEW ZEALAND VETERINARY ASSOCIATION INCORPORATED GROUP
NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2018

14 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	2018	2017
	\$	\$
Financial assets		
<i>Financial assets at fair value through surplus or deficit</i>	252,340	322,946
<i>Loans and receivables</i>		
Short term investments	-	7,013
Cash and cash equivalents	1,232,783	1,526,656
Short term investments	2,642,247	2,468,904
Receivables	950,706	954,784
	5,078,076	5,280,303
Financial Liabilities		
<i>At amortised cost</i>		
Trade and other creditors	227,024	300,112
Employee Entitlements	59,262	51,835
Loans and borrowings	-	-
Income in Advance	818,526	880,405
	1,104,812	1,232,352

15 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2018 the Group had no contingent liabilities or capital commitments. (2017: None)

16 RELATED PARTIES

Other than the related parties which are consolidated in Note 3 the Group was related to Veterinary Professional Insurance Society Incorporated ("VPIS") during the year as the Group had influence over VPIS, in that it provided management, systems and accounting services and support to VPIS, for which it charged a service fee of \$157,188 (2017: \$157,188) VPIS is controlled by an independent Board of Directors.

The Group pays VPIS rental in respect of its occupancy of 2/44 Victoria Street, which is now jointly owned by the Society, VPIS and the NZ Veterinary Trust. Rental expense paid to VPIS was \$20,400 (2017: \$20,400), the amount owed to VPIS as at 31 December 2018 was \$1,955 (2017: \$1,955).

The Foundation for Continuing Education paid the Society for management services provided, and received rental income for its share of the office space. After the assets of the Foundation were transferred to the NZ Veterinary Trust as at 31 May 2018, the Society now provides management services to the Trust, and pays rental to it. Foundation and Trust transactions are eliminated on consolidation.

17 SUBSEQUENT EVENTS

The Group's investment in the Westpac Active Series fund has been withdrawn. There is no known significant change or impairment to the investment for the year ended 31 December 2018 that would require adjustment to the financial statements. (2017: None).

Independent auditor's report

To the Members of New Zealand Veterinary Association Incorporated Group

Opinion

We have audited the special purpose financial statements of New Zealand Veterinary Association Incorporated Group on pages 1 to 13, which comprise the consolidated statement of financial position as at 31 December 2018 and the consolidated statement of financial performance, and the consolidated statement of movements in equity for the year then ended, and the notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements of New Zealand Veterinary Association Incorporated Group for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the Special Purpose Financial Reporting Framework For Profit Entities issued by the New Zealand Institute of Chartered Accountants.

Basis for Qualified Opinion

The New Zealand Veterinary Association Incorporated Group outsources significant functions and control of its investment management to an investment portfolio manager. The New Zealand Veterinary Association Incorporated Group has relied on the reports prepared by the investment portfolio manager for reporting the New Zealand Veterinary Association Incorporated Group's interests in the investments and investment income and unrealised gains / (losses) produced by those investments. The New Zealand Veterinary Association Incorporated Group has not been provided with appropriate audit evidence about the adequacy of the design and effectiveness of the internal control procedures of the investment portfolio manager, as a result of not being issued a copy of the Independent Service Auditor's Assurance Report on Controls, required to validate the ownership, existence and carrying value of those investments reported by the investment portfolio manager. The effect of these limitations meant we were unable to confirm or verify by alternative means the ownership, existence and carrying value of the Active Series Fund Investment recorded as \$211,520 in the statement of financial position. Consequently, we were unable to determine whether any adjustments to the amounts were necessary to the statement of comprehensive revenue and expenses.

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 special purpose financial statements' section of our report.

We are independent of New Zealand Veterinary Association Incorporated Group 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 we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than our capacity as auditor we have no relationship with, or interests in, New Zealand Veterinary Association Incorporated Group.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the special purpose consolidated financial statements, which describes the basis of accounting. As a result, the consolidated special purpose financial statements may not be suitable for another purpose. Our report is intended solely for New Zealand Veterinary Association Incorporated Group and its Board and should not be distributed to parties other than New Zealand Veterinary Association Incorporated Group or its members.

The Board's responsibilities for the special purpose consolidated financial statements

The Board are responsible on behalf of New Zealand Veterinary Association Incorporated Group for the preparation of these special purpose financial statements in accordance with 'Special Purpose Financial Reporting Framework for use by for-profit entities' issued by New Zealand Institute of Chartered Accountants and for such internal control the Board determine is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible on behalf of New Zealand Veterinary Association Incorporated Group for assessing New Zealand Veterinary Association Incorporated Group'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 Board either intend to liquidate New Zealand Veterinary Association Incorporated Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements 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 decisions of users taken on the basis of these special purpose financial statements.

A further description of the auditor's responsibilities for the audit of the special purpose financial statements is located at the XRB's website at <http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>



Moore Stephens Wellington Audit | Qualified Auditors, Wellington, New Zealand
04 April 2019