

**VETERINARY PROFESSIONAL  
INSURANCE SOCIETY (INC)**

Statement of Financial Performance  
For the Year ended 30 September 2011

<i>2010</i>	<b>INCOME</b>	<i>2011</i>	
866,119	Subscriptions Premiums	781,089	
19,327	Rental Income	19,327	
700	Miscellaneous Income	-	
8,711	Special Projects	3,139	
<u>894,857</u>			803,555
	<b>LESS EXPENSES</b>		
985	Accommodation & meals	1,181	
2,286	Accountancy Fees	6,458	
6,050	Audit Fees	5,888	
36,250	Directors Fees	40,000	
1,188	Bank charges	1,462	
2,520	Board Meeting Expenses	2,022	
47,000	Brokers fee	47,000	
152,041	Claims, fees & expenses	162,858	
8,424	Depreciation (Note 7)	6,151	
75	Foreign Exchange Loss	4,418	
2,179	General expenses	1,525	
137,220	Executive service fee - NZVA (Note 10)	137,220	
11,000	Honorarium President	11,000	
340,028	Insurance premiums	257,703	
8,783	Investment management fees	8,247	
14,665	Legal expenses	2,797	
3,768	QBE Assn liability insurance	5,600	
-	Sponsorship	4,348	
12,682	Training & Workshops Expenses	4,615	
9,493	Travel expenses - Board	11,560	
<u>796,637</u>	<b>Total Expenses</b>		722,053
98,220	<b>NET OPERATING SURPLUS/(DEFICIT)</b>		81,502
	<b>INVESTMENT ACTIVITIES</b>		
53,069	Investment income/(Expense) (Note 5)		31,701
<u>151,289</u>	<b>NET SURPLUS/(DEFICIT)</b>		<u>113,203</u>

This statement should be read in conjunction with the Notes to the Financial Statements



**VETERINARY PROFESSIONAL  
INSURANCE SOCIETY (INC)**

Statement of Movements in Equity  
For the Year ended 30 September 2011

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<i>2010</i>		<i>2011</i>
1,219,053	<b>Opening Balance</b>	1,370,342
151,289	<b>Net Surplus/(Deficit) for the year</b>	113,203
<u>1,370,342</u>	<b>Balance as at 30 September</b>	<u>1,483,545</u>

This statement should be read in conjunction with the Notes to the Financial Statements



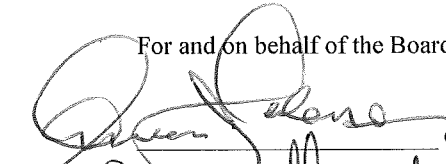
**VETERINARY PROFESSIONAL  
INSURANCE SOCIETY (INC)**

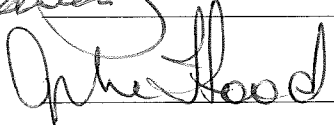
Statement of Financial Position

As at 30 September 2011

<i>2010</i>	<b>CURRENT ASSETS</b>	<i>2011</i>
163,043	Bank Account	158,912
404,301	MDS Account	208,426
414,966	Accounts Receivable	787,016
-	Payments in Advance	7,850
225	Interest Accrued	225
3,343	Tax Refund Due	3,430
<u>985,878</u>		1,165,859
234,393	<b>Fixed Assets (Note 7)</b>	228,242
	<b>Investments</b>	
10,279	NZ Government Stock (Note 3)	10,043
1,192,822	Investment Portfolio (Note 4)	1,198,053
<u>1,203,100</u>		1,208,096
2,423,372	<b>TOTAL ASSETS</b>	<u>2,602,197</u>
	<b>CURRENT LIABILITIES</b>	
58,578	Accounts Payable	51,109
78,238	GST Payable	96,243
697,587	Subscriptions Received in Advance	797,238
121,627	Sundry Creditors	118,062
97,000	Provision for Claims (Note 6)	56,000
<u>1,053,030</u>		1,118,652
<u>1,053,030</u>	<b>TOTAL LIABILITIES</b>	<u>1,118,652</u>
<u>1,370,342</u>	<b>NET ASSETS</b>	<u>1,483,545</u>
	Represented by:	
	<b>ACCUMULATED FUNDS</b>	
1,219,053	Balance at 1 October	1,370,342
151,289	Net Surplus/(Deficit) for the year	113,203
<u>1,370,342</u>	<b>BALANCE AS AT 30 SEPTEMBER</b>	<u>1,483,545</u>

For and on behalf of the Board

  
Chairman

  
Chief Executive Officer

27/1/12

This statement should be read in conjunction with the Notes to the Financial Statements

# VETERINARY PROFESSIONAL INSURANCE SOCIETY (INC)

## Notes forming part of the Financial Statements For the Year ended 30 September 2011

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### 1 STATEMENT OF ACCOUNTING POLICES

#### (a) ENTITY

The Veterinary Professional Insurance Society (INC) is an Incorporated Society registered under the Incorporated Societies Act 1908 and is entitled to use Differential Reporting exemptions as it is not publicly accountable and does not qualify as large under the framework issued by the NZ Institute of Chartered Accountants.

These financial statements have been prepared using Generally Accepted Accounting Principles and advantage has been taken of all appropriate differential reporting exemptions.

#### (b) MEASUREMENT SYSTEM

The measurement system adopted is standard historical cost and accrual accounting.

#### (c) PARTICULAR ACCOUNTING POLICIES -

##### **Goods & Services Tax**

These financial statements have been prepared on a GST exclusive basis, except for Accounts Receivable and Accounts Payable which are stated inclusive of GST.

##### **Property, Plant & Equipment**

Property, Plant & Equipment are included at cost less accumulated depreciation to date and any impairment.

##### **Depreciation**

Depreciation has been provided on a diminishing value basis at the maximum rates provided by the Inland Revenue Department. The Trustees consider the rates used allocate fairly as practicable depreciation to the periods expected to benefit from the use of the assets.

##### **Receivables**

All known bad debts have been written off and no further provisions for doubtful debts is considered necessary.

##### **Taxation**

Veterinary Professional Insurance Society (INC) is exempt from income tax under the Veterinary Services Bodies provisions of section CW50 of the Income Tax Act 2007.

##### **Revenue Recognition**

###### *Subscription Income*

Subscriptions which are attributable to the current financial year are recognised as revenue. Where subscriptions are paid in advance, the unearned portion has been shown in income in advance. Where subscriptions are payable in arrears, those subscriptions that have not been received are shown as receivables.

###### *Investment Income*

Investment income includes net proceeds from dividends, interest received and investments sold during the year, adjusted for any gains or losses resulting from changes in the market value of shares.

##### **Claims recognition**

Claims, fees and expenses are recognised in the financial statements when incurred and paid.

In addition, claims accrued are recognised based upon Management's estimate of expected loss after adjusting for the provision for claims received and settled as specified under Note 6.

These claims are recognised net of excess.



# VETERINARY PROFESSIONAL INSURANCE SOCIETY (INC)

## Notes forming part of the Financial Statements For the Year ended 30 September 2011

### (d) Changes in Accounting Policies

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

### 2 CONTINGENT LIABILITIES

The Society reinsured its liability for claims during the year in excess of \$150,000 (2010 \$150,000) and the provision for claims shown in the Current Liabilities is net of this recovery. The Society has a contingent liability for this excess if for any reason it is not recoverable from the Underwriters.

### 3 NZ GOVERNMENT STOCK DEPOSIT UNDER INSURANCE COMPANIES ACT 1953

The investment was purchased in November 2006 and has a face value of \$10,000 with a maturity date of 15 November 2011.

The stock has been valued at 30 September 2011 at market value at \$10,043 (2010: 10,274).

### 4 INVESTMENT PORTFOLIO

Investments have been recorded at market value as at 30 September 2011.

5 INVESTMENT INCOME	2010	2011
<b>Interest Received</b>		
Term Deposit and Call Account	8,039	9,622
Government Stock	225	600
Inland Revenue Department	3	66
	<u>8,267</u>	<u>10,288</u>
<b>Investment Portfolio</b>		
Interest Received	32,621	42,438
Dividends Received	15,307	19,275
	<u>47,928</u>	<u>61,713</u>
<b>Gain from sale of investments</b>		
Gains	1,101	3,326
Losses	<u>-</u>	<u>-</u>
	1,101	3,326
<b>Loss from changes in the market value of investments</b>		
Gains	-	-
Losses	<u>(4,226)</u>	<u>(43,625)</u>
	(4,226)	(43,625)
<b>Investment Income</b>	<u><u>53,069</u></u>	<u><u>31,702</u></u>

# VETERINARY PROFESSIONAL INSURANCE SOCIETY (INC)

## Notes forming part of the Financial Statements For the Year ended 30 September 2011

### 6 CLAIMS

Each year the Society makes a provision for claims received and not yet settled.

	2010	2011
<b>Provision for Claims</b>		
Opening Balance	20,000	97,000
Actual paid (prior year events)	(33,791)	(121,283)
	<u>(13,791)</u>	<u>(24,283)</u>
Additional Provision for the year	152,041	162,858
Actual Paid (current insurance year's events)	(41,250)	(82,575)
Closing Balance	<u>97,000</u>	<u>56,000</u>

Management estimate current claims incurred not paid exceed the excess under the reinsurance policy and therefore an accrual has been made for claims up to the excess. Provisions are treated as a current liability due to the uncertainty in measuring the portion of claims that are likely to be paid over a term exceeding one year.

#### Claims, fees & expenses

Paid Current Year	75,041	203,858
Less: Paid 30 September 2011 (prior year events)	(33,791)	(121,283)
	<u>41,250</u>	<u>82,575</u>
Additional Provision for the year (net of current insurance year's payments)	110,791	80,283
Closing Balance	<u>152,041</u>	<u>162,858</u>

### 7 FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation as detailed in the attached schedule. The Society has a 25% ownership in the land and building situated at 44 Victoria Street, the principal place of operation. Ownership is shared with related parties NZ Veterinary Association and VetLearn under an agreement & purchase date August 2006."

### 8 ACTIVITY

The Society operates a professional liability insurance scheme for veterinary practices.

### 9 COMMITMENTS

There were no known commitments for capital expenditure as at balance date (2010 Nil).

### 10 RELATED PARTY TRANSACTIONS

Veterinary Professional Insurance Society (Inc) receives rental income from New Zealand Veterinary Association Incorporated (NZVA). The society is charged an executive service fee by NZVA for management services. All transactions occurred at arms length.



# VETERINARY PROFESSIONAL INSURANCE SOCIETY (INC)

Notes forming part of the Financial Statements  
For the Year ended 30 September 2011

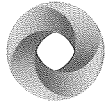
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## 11 EVENTS SUBSEQUENT TO BALANCE DATE

### **Change in Legislation likely to affect Veterinary Professional Insurance Society (Inc)**

As at December 2011: RBNZ has been informed that VPIS will continue carry on business.

VPIS has submitted its application for a Provisional Licence to the RBNZ and is currently receiving expressions of interest from Actuaries, one of which will be appointed in February 2012.



Grant Thornton

# Independent Auditor's Report

## Audit

### Grant Thornton New Zealand Audit Partnership

L13, AXA Centre  
80 The Terrace  
PO Box 10712  
Wellington 6143

T +64 (04) 474 8500  
F +64 (04) 474 8509  
[www.granthornton.co.nz](http://www.granthornton.co.nz)

## **To the Members of the Veterinary Professional Insurance Society Incorporated**

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

We have audited the financial statements of the Veterinary Professional Insurance Society Incorporated on pages 1 to 7, which comprise the statement of financial position as at 30 September 2011, and the statement of financial performance, statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Board Members' Responsibilities**

The Board Members are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that present fairly the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in the Veterinary Professional Insurance Society Incorporated.

#### Opinion

In our opinion, the financial statements on pages 1 to 7 present fairly, in all material respects, the financial position of the Veterinary Professional Insurance Society Incorporated as at 30 September 2011, and its financial performance, for the year then ended in accordance with generally accepted accounting practice in New Zealand.

#### Other Matter

The financial statements of the Veterinary Professional Insurance Society Incorporated for the year ended 30 September 2010 were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 February 2011.



**Grant Thornton New Zealand Audit Partnership**  
**Wellington, New Zealand**  
**27 January 2012**