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Financial Statement Coversheet for an Incorporated Society

Name of
Society

VETERINARY PROFESSIONAL INSURANCE SOCIETY
INCORPORATED

Society
Number

376964

Use this form to file the annual financial statement for your society. An officer of the society must certify that the financial statement has been submitted to, and approved by, the members of the society at a general meeting.

Failure to file the annual financial statement may indicate that the society is no longer operating and the Registrar may then take steps to remove it from the register.

I certify that the annual financial statement has been submitted to and approved by the members at a general meeting held on the 17 day of August (month) 20 10.

Annual financial statement for (financial year) 2009 Position held Finance Officer

Name Rosalind Mayford

Signed

The society's annual general meeting is usually held in _____ (month)

Checklist before filing:



Does the annual financial statement detail:



The income and expenditure for the relevant year?



The assets and liabilities of the society at the close of the financial year?



All mortgages and secured loans of any description, affecting any property of the society, as at the close of the financial year?



Is the financial statement clearly legible on A4 white paper?



Have the contact details for the society changed? If so, you should also file a Change of Contact Details form, available online at www.societies.govt.nz.



Minutes of AGM meetings are not required.

Important Note:

The annual financial statement does NOT need to be audited UNLESS the rules of the society require that an auditor be appointed to audit the financial statements.

Your Contact
Details

Name and Postal Address:

Ros Mayford
P.O. Box 11212
Managers Street
Wellington

Other Details

Tel

Em

Post To

Registrar of Incorporated Societies
Ministry of Economic Development
Private Bag 92061
Victoria Street West
Auckland 1142



AUDIT REPORT

Veterinary Professional Insurance Society Incorporated (Inc) (VPIS) For the year ended 30 September 2009

To the members of the Veterinary Professional Insurance Society Incorporated (Inc) (VPIS). We have audited the financial report. The financial report provides information about the past financial performance of VPIS and its financial position as at 30 September 2009. This information is stated in accordance with the accounting policies as attached.

Management's responsibilities

Management of VPIS are responsible for the preparation of a financial report which fairly reflects the financial position of VPIS as at 30 September 2009 and of the results of their operations for the year ended 30 September 2009.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial report presented by management and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by VPIS in the preparation of the financial statements, and
- whether the accounting policies are appropriate to VPIS's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than our capacity as auditors we have no relationship with or interests in VPIS.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the attached financial report fairly reflects the financial position of VPIS as at 30 September 2009, and the results of its operations for the year ended on that date.

Our audit was completed on 30 March 2010 and our unqualified opinion is expressed as at that date.

BDO Wellington
Chartered Accountants
WELLINGTON

5. **Adoption of annual accounts for the year ended 30 September 2008**

The Chairman advised members that the annual accounts had been circulated with the annual report.

Chairman spoke to the annual accounts and noted the following:

- For the first time, VPIS made a loss of \$91,145 which was due to the restating of the value of the investments, from a cost to current market value. The investment portfolio made a loss (on paper) of \$212,158.

IT WAS RESOLVED

"That the 2008 annual financial statements be accepted".

Bruce Nicol/Ian Walker

CARRIED

6. **Appointment of auditor**

IT WAS RESOLVED

"That BDO Spicer (Wellington) be appointed the VPIS auditor for the 2009/2010 financial year".

S Hutchings/F Allan

CARRIED

7. **Election of officers**

The Executive Officer reported that in accordance with the rules nominations had been called for two positions on the Board. No nominations were received and in accordance with Rule 6.4 the two incumbent officers, Jeff Grimmer and Mark Gilmour were returned unopposed to the Board for further three year terms.

8. **Amendments to the Constitution**

Amendments to the Constitution were made in at the Special General Meeting held 23 October 2008.

9. **General business**

Vince Peterson was asked for clarification about anaesthetic forms and referral.

Question about anaesthetic forms – point out a range of what is available from euthanasia to referral.

Question owners not having referral given as an option. Practitioners must point this out before and not after the event.

Vince Peterson advised that VPIS was not advocating the use of specialists but that veterinarians should advise clients should consider the use of specialists.

10. **Venue for 2010 Annual General Meeting**

The Chairman advised that the 2010 AGM would be held in Wellington in August 2010.

The Chairman thanked members for their attendance and declared the meeting closed at 6.40pm.



Vince Peterson
VPIS Chairman

Veterinary Professional Insurance Society (Inc) (VPIS)
Statement of Financial Performance for the year ended 30 September 2009

2008	Income	2009
615,660	Subscriptions Premiums	688,176
547	Foreign Exchange Gain	438
14,660	Rental Income	19,400
39	Miscellaneous Income	1,421
-	Training & Workshops Income	7,111
630,906		716,546

	Less Expenses	
776	Accommodation & meals	1,910
8,076	Accountancy & Audit Fees	7,390
15,633	Attendance & Directors Fees	Note 11 39,806
1,598	Bank charges	1,318
50,000	Brokers fee	50,000
82,177	Claims, fees & expenses	133,188
25,749	Depreciation	Note 7 13,752
10,631	Computer maintenance & software	2,796
1,343	General expenses	900
81,792	Executive service fee - NZVA	125,874
9,000	Honorarium President	11,000
299,454	Insurance premiums	322,803
6,792	Investment management fees	6,509
810	Legal expenses	9,392
-	Loss on Disposal of Assets	73
6,622	Printing, postage, stationery & photocopy	1,417
5,100	QBE Assn liability insurance	2,800
2,444	Sponsorship	4,444
2,163	Toll & faxes	552
-	Training & Workshops Expenses	20,380
9,684	Travel expenses - Board	8,853
619,844	Total Expenses	765,158
11,062	Net Operating Surplus/(Deficit)	(48,612)
	Investment Activities	
(102,207)	Investment income/(Expense)	Note 5 50,444
(91,145)	Net Surplus/(Deficit)	1,832

Veterinary Professional Insurance Society (Inc) (VPIS)
Statement of Movements in Equity for the year ended 30 September 2009

2008		2009
1,308,366	Opening Balance	1,217,221
(91,145)	Net Surplus/(Deficit) for the year	1,832
1,217,221	Balance as at 30 September 2009	1,219,053

Veterinary Professional Insurance Society (Inc) (VPIS)
Statement of Financial Position as at 30 September 2009

2008	Current Assets		2009
5,473	Bank Account		79,628
148,055	MDS Account		366,833
60,603	Accounts Receivable		711,854
34,578	GST Receivable		-
5,301	Interest Accrued		4,793
254,010			1,163,109
256,642	Fixed Assets		242,817
	Investments		
10,134	NZ Government Stock	Note 3	10,373
829,440	Investment Portfolio	Note 4	857,899
839,575			868,272
1,350,227	Total Assets		2,274,198

	Current Liabilities		
17,509	Accounts Payable		41,556
-	GST Payable		71,293
-	Subscriptions Received in Advance		796,193
99,497	Sundry Creditors		126,103
16,000	Provision for Claims	Note 6	20,000
133,005			1,055,145
133,005	Total Liabilities		1,055,145
1,217,221	Net Assets		1,219,053

	Represented by:		
	Accumulated Funds		
1,308,366	Balance at 1 October 2008		1,217,221
(91,145)	Net Surplus/(Deficit) for the year		1,832
1,217,221	Balance As At 30 September 2009		1,219,053

Veterinary Professional Insurance Society (Inc) (VPIS)

Notes forming part of the financial statements for the year ended 30 September 2009

1 Statement of accounting policies

(a) Entity

The Veterinary Professional Insurance Society (Inc) (VPIS) 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.

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.

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

No Provision has been made for income tax as VPIS is exempt from income tax.

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.

(d) Changes in accounting policies

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

2 Contingent liabilities

VPIS reinsured its liability for claims during the year in excess of \$100,000 (2008 \$100,000) and the provision for claims shown in the current liabilities is net of this recovery. VPIS 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 2010.

The stock has been valued at 30 September 2009 on a yield to maturity basis at \$10,373.

4 Investment portfolio

Investments have been recorded at market value as at 30 September 2009.

5 Investment income

	2008	2009
Interest Received		
Term Deposit and Call Account	19,307	10,906
Government Stock	600	225
	19,907	11,131
Investment Portfolio		
Interest Received	36,134	39,162
Dividends Received	21,178	12,076
	57,312	51,238
Gains or losses resulting from sale of investments		
Gains	32,732	-
Losses	-	(32,476)
	32,732	(32,476)
Gains or losses resulting from changes in the market value of investments		
Gains	-	20,551
Losses	(212,158)	-
	(212,158)	20,551
Investment Income	(102,207)	50,444

6 Claims

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

	2008	2009
Provision for Claims		
Opening Balance	116,283	16,000
Actual paid (prior year events)	(58,949)	(35,241)
	57,334	(19,241)
Additional Provision for the year	123,511	99,546
Excess Provision written back as no claims likely	(41,334)	33,643
Actual Paid (2008/2009 events)	(123,511)	(93,948)
Closing Balance	16,000	20,000

Claims, fees & expenses		
Paid Current Year	182,460	129,189
Less: Paid 30 September 2009 (prior year events)	(58,949)	(35,241)
	123,511	93,948
Additional Provision for the year (net)		5,598
Excess Provision written back as no claims	(41,334)	33,643
Closing Balance	82,177	133,189

7 Fixed assets

Fixed assets are stated at cost less accumulated depreciation.

8 Activity

VPIS operates a professional liability insurance scheme for veterinary practices.

9 Commitments

There were no known commitments for capital expenditure as at balance date (2008 Nil).

10 Related party transactions

VPIS receives rental income from New Zealand Veterinary Association (NZVA). VPIS is charged an executive service fee by NZVA for management services. All transactions occurred at arms length.

11 Attendance and director fees

	2008	2009
Attendance Fees	15,632	7,757
Directors Fees	-	32,049
	15,632	39,806

12 Adoption of International Financial Reporting Standards

In December 2002, New Zealand Government announced that New Zealand International Financial Reporting Standards ("NZIFRS") will apply to all New Zealand reporting entities for the periods commencing on or after 1 January 2007. In September 2007, the Accounting Standards Review Board announced that small to medium size businesses which satisfy certain criteria would not be required to apply the NZIFRS until further notice. VPIS satisfies these criteria.

All the financial information in these financial statements has been prepared in accordance with current New Zealand Generally Accepted Accounting Practice (NZGAAP).

13 Events subsequent to balance date -

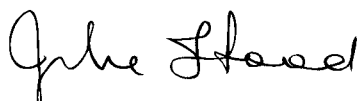
Change in legislation likely to affect VPIS

Reserve Bank announced the release of a draft Insurance (Prudential Supervision) Bill in 2009.

This proposal requires insurance providers to maintain a minimum capital requirement, solvency and capital adequacy requirements. The Bill has had its first reading and is now at the Finance and Expenditure Select Committee. VPIS would fall under the ambit of the Bill. The Bill will be referred to the House on 8 June 2010 followed by a 2nd and 3rd reading. The proposed enactment date of the Bill is in September 2010.

VPIS has actively made submissions to the Reserve Bank and is considering its options in regard to the probable enactment of this Bill. It has also engaged a lawyer to hold a watch brief on its behalf.

For and on behalf of the Board



Julie Hood
Chief Executive Officer



Vince Peterson
VPIS Chairman

THE VETERINARY PROFESSION
MUST CONSIDER ITS ROLE IN
A CHANGING WORLD AND
OUR FUTURE CONTRIBUTION
TO SOCIETY.

NZVA IS TAKING A LEADING
ROLE IN CHALLENGING THE
STATUS QUO AND WORKING
WITH KEY STAKEHOLDERS
TO ENSURE THE VETERINARY
PROFESSION IN NEW ZEALAND
REMAINS RELEVANT TO OUR
SOCIETY AND LIVESTOCK
INDUSTRIES.