



OVIS MANAGEMENT

*The Meat Industry and Farmers
working together*

ANNUAL
REPORT
2 0 1 4



MISSION STATEMENT

*“To provide a low cost
programme promoting control of
Cysticercus ovis and monitoring
area and national trends of
prevalence in lambs.”*

Objective

To enable a response to be made to any
future threat to market access for sheep
and lamb meat arising from concern over
Cysticercus ovis infections in livestock.

OVIS MANAGEMENT LIMITED

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Email: covis@mia.co.nz
www.sheepmeasles.co.nz




NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholder of Ovis Management Limited will be held Wednesday 1st October 2014 in the Board Room, Level 5, Wellington Chambers, 154 Featherston Street, Wellington, 11.30 am.

Agenda

1. To approve the minutes of the 2013 Annual General Meeting.
2. To receive and consider the Directors Report, Auditors Report and Accounts for the year ended 30 June 2014.
3. The appointment of Auditors for the forthcoming year.
4. General business.



Mr D. Lynch
Secretary
PALMERSTON NORTH
25 August 2014



DIRECTORY

CHAIRMAN	R T Barton Woodside, RD 1 Greytown
DIRECTORS	A Dennis 51 Don Street Invercargill A Morrison RD 5 Gore T R Ritchie 28A Messines Road, Karori, Wellington
SECRETARY	D W Lynch 6B Williams Tce Palmerston North
REGISTERED OFFICE	Level 5, Wellington Chambers, 154 Featherston Street, Wellington.
SOLICITORS	Burrowes & Company 24 Johnston Street, Wellington
BANKERS	Bank of New Zealand 222 Lambton Quay, Wellington
AUDITORS	KPMG 10 Customhouse Quay, Wellington

COMPANY MANAGEMENT

PROJECT MANAGER	MR D W Lynch, Palmerston North
TECHNICAL ADVISOR	Dr B H Simpson Biosecurity Management Ltd



CHAIRMAN'S REPORT

On behalf of the board and management I am pleased to present my Chairman's report for Ovis Management Ltd for the 2013/14 year.

The year could be described as "steady as she goes". We have continued to work well with the contributing sheep meat processing companies and their timely inflow of lamb producers' information into our database. This becomes the core data for our business and is the foundation for our annual work plan.

Last year we undertook a repeat of some research work via telephone interview with sheep owners around the country. It is important to establish the gaps in our working knowledge and use this information to better target our educational work. We have also been active at a number of industry field days and A & P shows nationwide. This work gives us a more random understanding of dog and sheep owners understanding and in particular attitude to Sheep Measles control programmes and methodology. It never ceases to amaze our team the number of variables that arise as we engage in conversations at these events.

Other initiatives have emerged over the year. Any of you who frequent some of the major stock sale yards may have spotted some of the Ovis Management signage that has recently been erected. By the targeting of lamb traders at point of purchase we are hoping to raise awareness. Particularly in those areas that have historically been higher on our radar and absorbed more of our resources. It seems hard to find the one king hit to curtail the ongoing issue of C. Ovis so we are always on the lookout for initiatives that will drive incremental changes in farmer and dog owner practice.

A read of the financial report will indicate that we are currently building reserves above a point which may be seen as desirable acceptable. We have certainly not set out to return such a healthy profit. This was not what Ovis Management was set up to do. However even with the best of data projections from Beef and lamb NZ we find that the throughput from the contributing meat companies has well exceeded our earlier projections driving part of this positive result. With regards to the cost side of the business we continue to seek best value for our inputs. There are some areas where we have been able to drive down costs and this has added to our bottom line result. There has been an increase in our expenditure on raising public awareness in the many forms of media that we work with. I liken the expense of the research work through CINTA as a bit like a farmers soil test with the investment in the media as a bit like applying fertilizer. We then need to judge the result we get and judge which "paddocks" or regions are either performing or need additional work. The analysis is ongoing. The result of this last year's activity sees the incidence of sheep measles remaining stable at around .56% of national kill. It would be preferable to see a downward trend annually but probably, given the vagaries of seasons, it is the trend over 2 to 3 years that matters most.

This programme would cease to function without the tireless work of Dan Lynch our programme manager. Dan is always receptive to an alternate view or concept which is well appreciated by the whole board. Often when someone has held a position for some years there becomes an entrenched position as to how the business will be run. This is certainly not the case with OML.

I'd like to thank our contractor Murray Kerr for his unfailing support for our work and stepping into the breach whilst Dan had an extended break this year. Also to the MIA for their umbrella support and in particular Michael Pran for his diligence in the financial management on behalf of OML.

Lastly to my other 3 board members can I thank you for your support and guidance through the year. While the duties of the OML board may not be seen as onerous from a time input perspective there is still a need for board members to act with due diligence as and when needed. I appreciate the efforts of our close knit team.

SHEEP MEASLE EGGS CAN SPREAD IN THE WIND FOR UP TO **10km**



**ONE DOG CAN CONTAMINATE
A NUMBER OF FARMS
(NOT JUST YOURS)**

1x  **= 6** months contamination

OVIS
MANAGEMENT

*The Meat Industry and Farmers
working together*

For more information contact your veterinarian,
phone Ovis Management on 0800 222 011 or go to www.sheepmeasles.co.nz

PROJECT MANAGER'S REPORT 2014

New Zealand sheep farmers continued embrace the responsibility of maintaining T. Ovis prevalence at low levels. This is seen in low prevalence levels across the height of the processing season and with low numbers of lambs being downgraded or condemned for Ovis accompanied by an absence of cysts in product minimising risks to markets.

Ovis Management was established with the goals of maintaining awareness of sheep measles and reducing the risk of market issues arising from sheep measles. While OML can promote and provide resources to maintain awareness ultimately those on sheep farms remain the key to carrying out control activity.

Overall national prevalence has remained at the low levels observed in recent years. The prevalence for the 2012-2013 season being 0.67%, the second lowest viewed since the introduction of viscera recording in 2008. For the current season October 2013- June 2014 the prevalence is similar to last season at 0.56% compared to 0.55% for the same period last year.

Providing feedback on prevalence levels to suppliers is a major factor in maintaining awareness. The support and attention given to capture this information by company and AsureQuality personnel is key to the programme's success.

The increasing number of plants using touchscreens at inspection stands has resulted in a significant increase in data capture rates in the past year. This increase has resulted in increased numbers of suppliers being contacted in regard to their prevalence levels.

The ability to reduce Ovis levels overall is likely to be made by small gains and incremental improvements with the fecundity of the parasite challenging any reduction or weakening of in control activity. OML continues to explore options and innovations to contribute to enhancing awareness and application of control. In the past year, as an example, this includes placement of signs in strategic saleyards. Where technology, such as cloud based options can be utilised OML will look to take advantage to improve feedback and data capture and also enhance farmers' access to data.

OML has moved from a stance of recommending monthly dosing but accepting in some cases that dog treatments at extended timeframes can be appropriate to one where the company now advocates monthly dosing of all dogs on sheep farms. Of particular concern are the farmers who are reliant on three monthly all-wormer dog treatments for sheep measles control. All wormer drugs should be used in conjunction with straight praziquantel tablets on a monthly basis removing the window of opportunity for infection which exists when three monthly dosing is practised.

Programme Activity

2012/13 High Prevalence Farmer Mailouts

The goal of the mailed notifications is to encourage suppliers whose prevalence suggests the presence of a sheep measles infected dog to review their on-farm sheep measles control programme. They are recommended to do this in conjunction with their veterinarian.

OML contacted 1,097 suppliers across three mailouts in the 2012-2013 season up from 922 for the same period last year. The increase in numbers contacted reflecting the improved level of data capture from manual and touch screen recording plants over the past season rather than an increase in prevalence levels.

Last year the North Island had 769 farms contacted (2012; 655) while the South Island had 328 (2012; 267).

High Prevalence Mailouts for 2013/14 Season

The first of the 2014 High Prevalence notifications was sent to 602 suppliers. The notifications were for lambs processed December to March (OML uses the December month for season beginning to reduce the number of old season lambs being included).

The number of farms notified in this timeframe increased in comparison to the same period last year, 2012/13; 536 and the previous year, 2011/12; 463. As for last season the rise is not prevalence related but the outcome of a continual improvement of data capture at plant level. This is most evident with increased use of touch screens to record disease /defect information resulting in Ovis data capture compared to prevalence nationally lifting from 85.7% in 2011-12 to 89.5% to date for this season.

The result of the increased data capture is seen particularly in the South Island with 231 suppliers being notified compared to 162 the previous season. 41 Southland suppliers have been contacted, up from 22 for the same period last season. Clutha had 33 (17) while Selwyn had 16 (4).

In the North Island Gisborne, while remaining the highest region receiving letters with 29 letters, was down from 43 the previous year, Taranaki with 29 slightly was down on the 33 for 2012/13. Hastings also had a drop in notifications with 19 down from the 32 of the previous year.

A breakdown of notifications to farms within each Territorial Local Authority for the 2012- 2013 year is at the end of this report.

High Prevalence Line Notifications

While OML carries out mailouts to suppliers across the season the ability to respond when an individual high prevalence line is processed is dependent upon staff at processing plants notifying OML. When such notifications are received, usually for lines of significant prevalence or condemnations, they are contacted in writing and resources provided along with being encouraged to look at their control options. Forty four of these notifications have been received and forwarded to date.

Localised Mail Drops

In a number of cases each year a number of suppliers who appear to have fully effective systems in place remain stubbornly high prevalence. To create increased awareness of the need to treat dogs in the area, OML liaises with the local mail delivery person to carry out a localised mail drop in the surrounding area. Such drops have been carried out in the past 12 months in Ruapehu, Taranaki, Hawkes Bay, Hastings, Wellington, Hurunui, Clutha and Southland.

Public Events

OML has regarded attendance at a number of targeted public events important both to promote control and to discuss issues around sheep measles. OML is constantly assessing the value and return on attendance and in the past year attended events at Gisborne, Hawkes Bay, Carterton, Christchurch, Gore, Feilding, and Hamilton. In addition we have attended farmer events with veterinary practices in Taranaki and Central Otago.

Farm Visits

62 High Prevalence farms have been visited in recent months, the farms targeted for visits in the first instance are larger operations processing in excess of 2,000 lambs each season.

On a small number of visits this season Dr Bruce Simpson, OML Technical Advisor has attended as another "set of eyes and ears" during meetings. Common issues associated with breakdowns in many, but not all cases, include irregular dog treatments, reliance on three monthly dog treatments and or, an inability to control external dogs.

Visits have been made to date to farms in; Southland, Clutha, Gore, Central Otago, Queenstown, Dunedin, Timaru, Ashburton, Banks Peninsula, Horowhenua, Taranaki, Masterton, Manawatu, Waitomo, Ruapehu, South Wairarapa, and Rangitikei.

Farmer Survey

Understanding changes in farmer attitudes and knowledge relating to sheep measles provides OML a basis for targeting of education. Late in 2013 OML undertook a survey in regard to knowledge and understanding of Sheep Measles. This was a repeat of a previous survey conducted in 2010. 300 sheep farmers processing in excess of 1,000 lambs in the past 12 months were surveyed. The country being split into six areas with 50 farmers interviewed in each area.

Points arising from the Survey

1.1 Dog Feeding habits

- Small drop in lamb producers feeding sheep meat regularly to dogs from 81% in 2010 to 78% in 2013.
- Younger farmers tend to feed sheep meat (and offal) more often.
- Hawkes Bay /Gisborne feed sheep meat an average of 5.1 days per week.
- 99% of farmers always treat the meat prior to feeding to dogs; freezing remains the most common form of treatment.

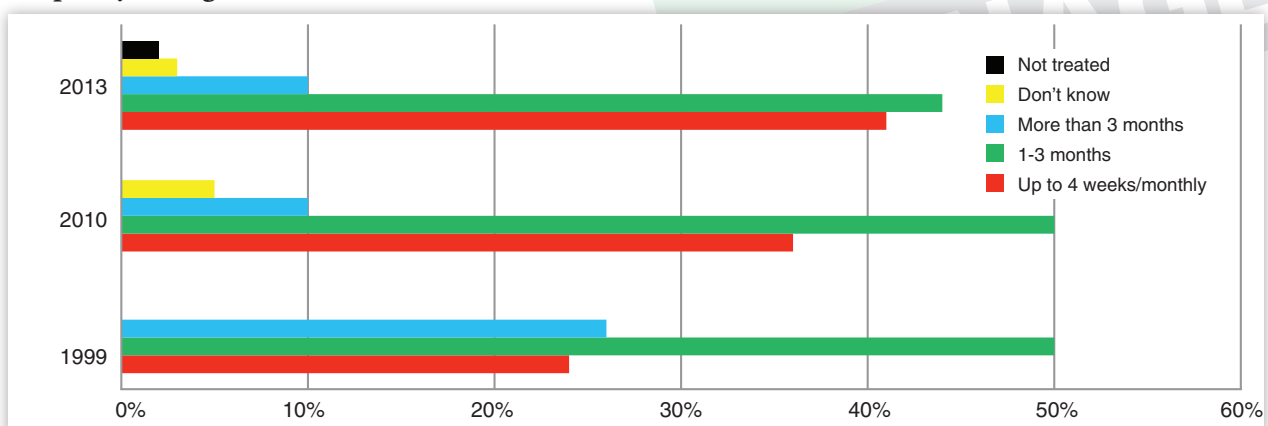
1.2 Ovis Knowledge

- Older farmers had greatest recognition knowledge of Ovis.
- Increase in awareness that Ovis is not a human health risk.
- 14% of those interviewed are not aware that the Ovis tapeworms shed extremely large numbers of eggs.
- 30% of farmers were not aware Ovis eggs can survive on pasture for up to 4-6 months.

1.3 Ovis Control

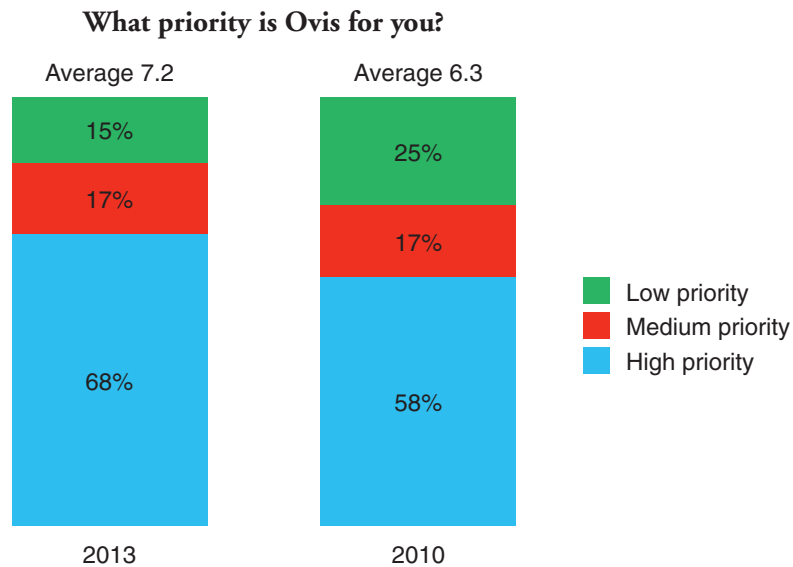
- 25% of farmers say they don't know who is responsible for the spreading of Ovis up from 18% in 2010.
- Town dogs are perceived as a main source of infection with 29% of farmers (2010; 30%) identifying them as being responsible for the spread of the parasite.
- 20% see neighbours dogs as an issue, up from 13% in 2010.
- Drop in farmers who see their own dogs as a source of infection has occurred with 8% of farmers naming their dogs as being responsible compared to 14% in 2010. This may in part be due to confidence in their on-farm dog control and treatment programmes.
- Farmer tolerance of visiting dogs has decreased with the number of farmers having a "no dogs allowed" policy increasing from 22% in 2010 to 32%.
- Farmers dosing monthly has increased from 36% to 41%.
- Proportion not being treated or being treated at intervals of more than three months has remained constant.
- It would appear the increase in monthly dosing is coming from those previously three monthly dosing, the number dosing around three monthly has dropped slightly from 50% to 44%.

Frequency of dog treatment



1.4 Industry Risk

Ovis has increased as priority for suppliers from 6.3 to 7.2 out of a scale of one to ten.



The lifting of Ovis as a priority is mirrored in most responses to the potential impact Ovis could have on the sheep industry

2. Survey Opportunities and Response

As noted earlier OML considers that Improvements to the control of Ovis will be by way of small gains and tweaking of current activity and, in the absence of new technology or dog or stock treatments, the current programme would appear to remain the cheapest and most effective option to maintain awareness of sheep measles.

The survey has provided OML an opportunity to review activities and has identified areas where OML can seek to improve knowledge and understanding amongst sheep farmers and dog owners in general including:

- Providing resources and information to veterinary practices and staff.
- Attendance at nominated public events.
- Targeted promotion of control in media.
- Maintaining monitoring and feedback to High Prevalence suppliers.
- Increased focus on repeat High Prevalence properties.

Financial

OML is funded by way of meat company contributions at \$0.015 for each sheep, lamb and goat processed. Combined with a larger than projected contributions arising from increased kill and cost savings OML ended the financial year with a budget surplus of \$73,820.75.

Processor contributions for the year July 2013- June 2014 were \$367,312.25 which was 11.30% ahead of the projected figure. Total Income was \$397,614.37 which was \$49,566.37 or 14.20% above budget.

Expenditure in the past year was \$323,793.62 this figure being \$28,302.38 or 8.00% under budget.

Resources

OML develops and makes resources available to assist in maintaining awareness amongst lamb suppliers and dog owners. Resources include A3 and A4 Restricted Dog signs, freezer magnets, codes of practice and pamphlets.



Currently being introduced is awareness signage into major saleyards, initially in the North Island and then into South Island venues. The support of saleyards operators in this exercise is appreciated.

Make sure your
dogs
are dosed
for **sheep
measles**
before taking
your new sheep
home to pasture

1x
**= 6 months pasture
contamination**

0800 222 011

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Veterinary Contact

The national survey reinforced that farmers look to their veterinarians as the first point of contact for information on sheep measles. To ensure up to date and appropriate information is available, OML maintains its programme of providing resources and materials to veterinary clinics throughout the country. In addition to providing resources updates are sent three times a year following each High Prevalence Mailout to 180 clinics. The updates provide local prevalence data that can be used in newsletters along with general information.

OML provides resources and where possible, on request, attends client days.

East Coast Hunting Dogs

OML in conjunction with VetEnt Gisborne has continued providing praziquantel tablets in support of a programme targeting young hunters in the East Coast region of the North Island. The programme designed to give young people in the region life skills including knowledge and understanding of good hunting practices. With many lambs sold from East Coast stations via saleyards the aim is to reduce infection opportunities prior to stock leaving the stations.

Johne's Management Ltd

Meat companies' provision of lamb data is matched by deer processors providing data used for monitoring Johnes Disease in a National Deer Database operated on behalf of Johnes Management Ltd by OML. The provided data is assembled then passed to JML for analysis. While operating in different spheres both companies focus on low cost and data security while providing benefits for industry.

Plant Capture of Ovis Information

Prior to OML contacting suppliers in regard to their Ovis prevalence OML is reliant on both company and AsureQuality inspection staff at processing plants to identify and record Ovis detected in stock.

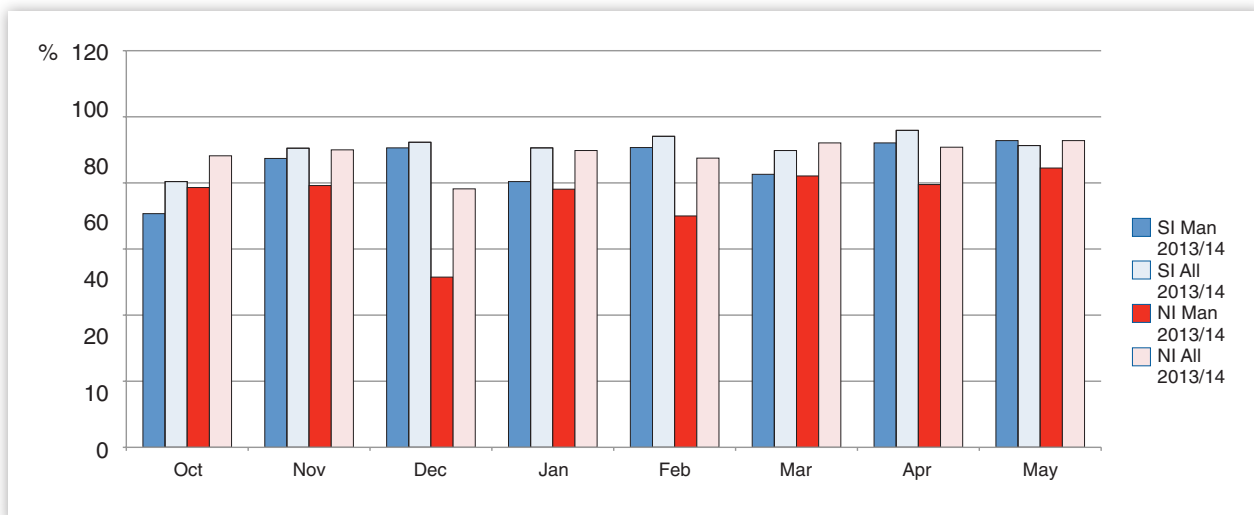
With the increasing use of touchscreens, where inspection data is recorded directly or indirectly into company databases, capture rates of information is increasing. Capture rates are established by comparing the number of carcasses recorded with Ovis at inspection to the number captured at grading terminals. Overall capture rates have steadily improved from 83.3% in 2011, 86.9% in 2012, 87.3% for 2013 and for the 2014 season to end of May 89.13%.

Overall data capture for manual ticketing plants for the 2012-2013 season was 74.1%. For the present season October 2013- May 2014 manual capture level was 79.7%.

19 of the 33 plants supplying data are now using the screens at inspection point to record information including Ovis and other disease defect data for feedback to suppliers. A snapshot of kill in January 2014 shows 91.4% of lambs processed in the South Island were at plants with screens while for the same period in the North Island just on 50% were at plants with screens.

The result of improved levels capture is most visible in the increasing number of High Prevalence supplier's being identified and contacted while prevalence remains at low levels.

Lamb Ovis data capture levels North and South Islands

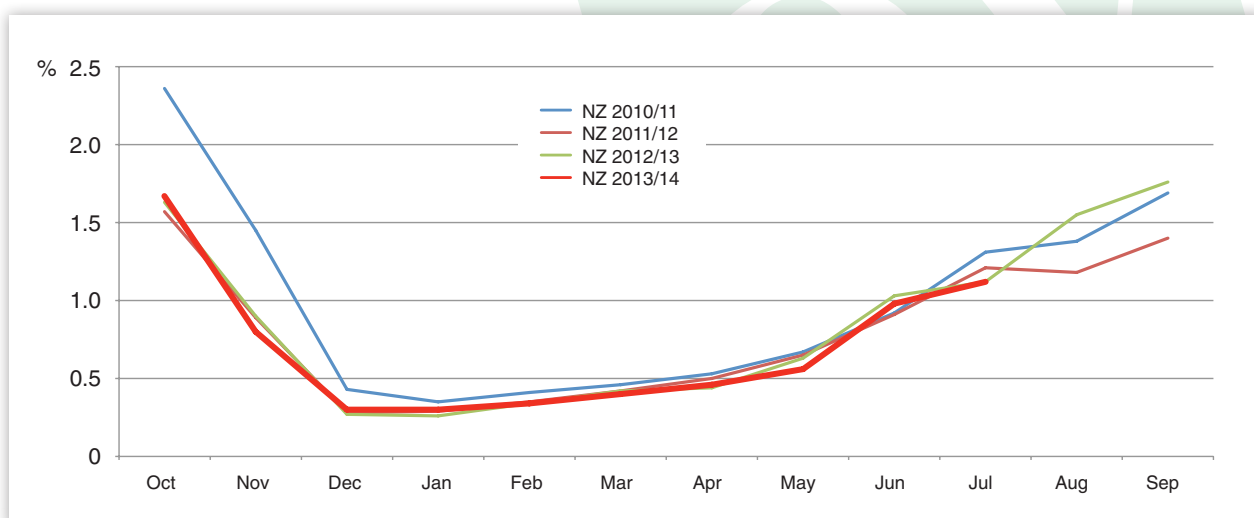


Lamb Ovis Prevalence

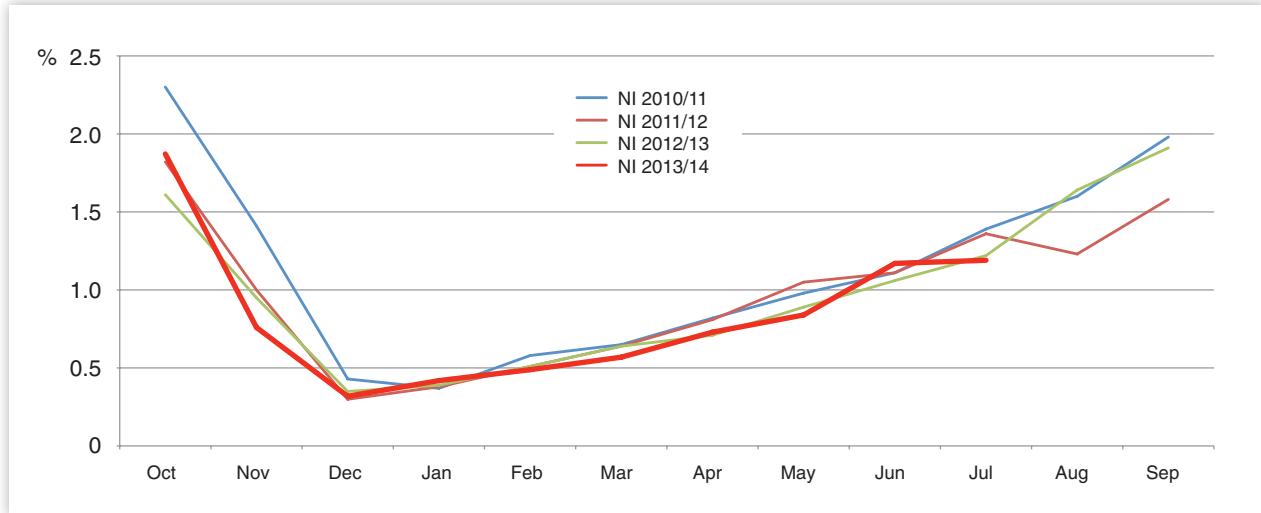
Meat inspection for detection of Ovis is a relatively insensitive tool due to the nature and distribution of cysts throughout the carcass. In addition to that there are three different carcass inspections systems in use and differing manning layouts at inspection points. These factors all impact on capture levels. Meat Inspection however remains the best method of measuring the levels of Ovis in stock processed.

Lamb prevalence continues to remain at the low levels seen in recent years with Ovis prevalence for the past season October 2012- September 2013 being 0.67% (2011-2012; 0.55%, 2010-2011; 0.83%). For the current season October 2013- June 2014 prevalence is at 0.56%, a minimal increase for the same period last year when it was 0.55%.

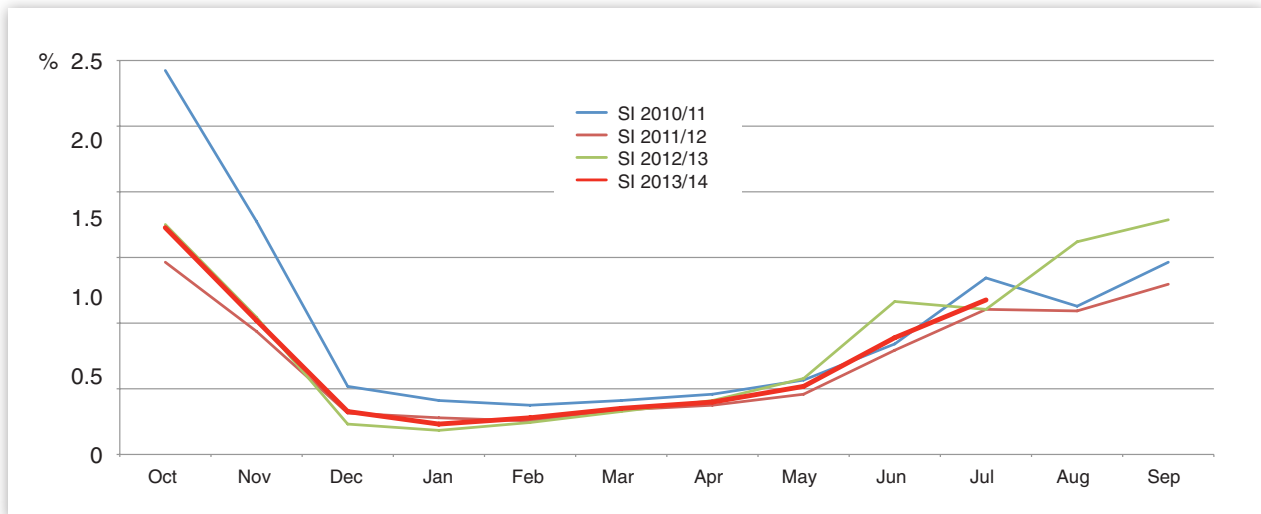
New Zealand Lamb Prevalence



North Island Lamb Prevalence



South Island Lamb Prevalence

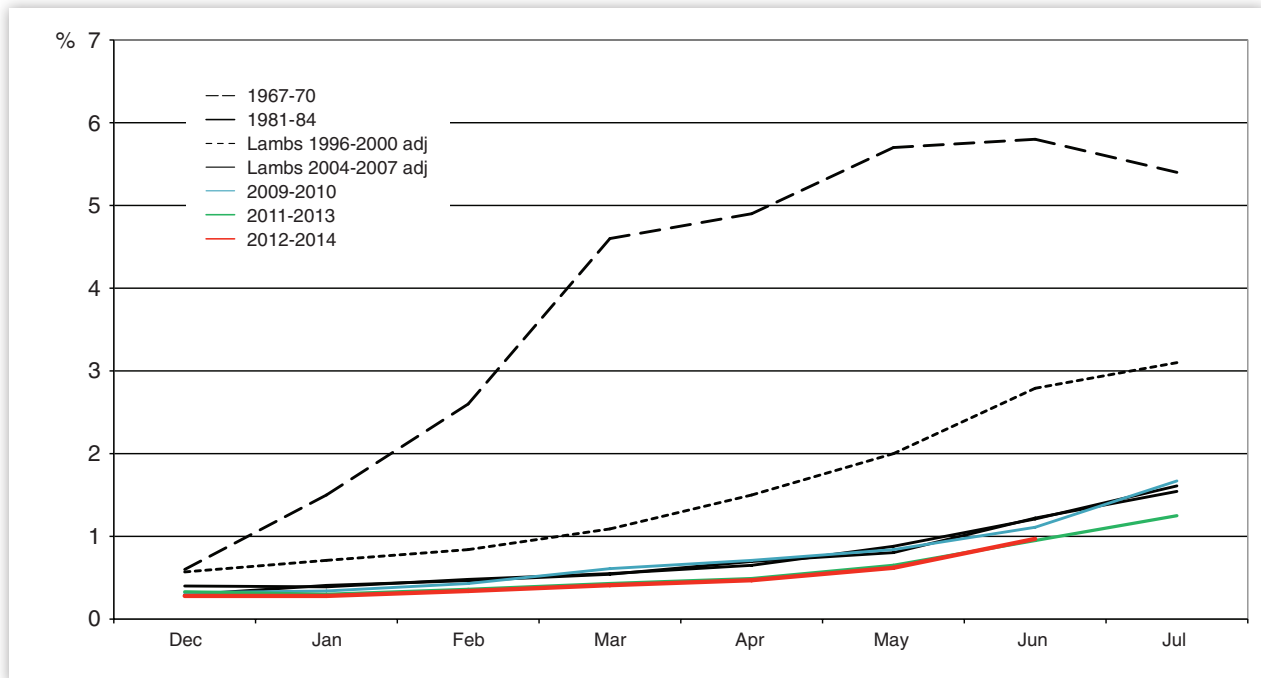


The graph on the following page shows the combined monthly prevalence levels over the height of a number of seasons. In the 1967-70 period Ovis was hyper endemic in the national flock, nearly all lambs were exposed to infection and by May of those years had developed a level of immunity resulting in the prevalence levelling out. 1981-84 was the height of the national hydatids programme when 95% plus NZ dogs were on six weekly treatments.

The 96-00, 04-07 adj reflect an adjusted figure calculated to allow for non-capture of heart ovis from 1992-2008.

The 2012-2014 combined data represents the lowest prevalence observed to date.

Impact on Prevalence arising from control of Ovis



High prevalence notifications by TLA – Dec 2012 - Nov 2013

NORTH ISLAND

TLA	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Gis	87	84	75	58	88	123	80	77	107	75
Hastings	73	45	62	64	74	101	74	90	94	71
Tararua	62	50	40	54	54	62	79	67	73	63
CHBay	59	55	56	67	61	97	58	66	94	62
Wang	52	34	50	26	24	30	42	37	22	30
Ruapehu	44	37	40	35	44	50	53	48	46	50
Manaw	45	35	38	40	56	66	51	50	58	65
Rangitik	43	46	23	44	48	59	44	47	73	59
Mast	38	25	39	42	36	31	32	33	48	26
Wairoa	33	33	34	31	30	22	20	23	27	24
Sth Wair	31	21	21	21	27	30	19	15	23	20
Wait	25	33	24	20	27	52	54	25	27	49
Sth Tara	21	19	16	14	15	15	33	12	8	5
Strat	21	14	15	9	14	18	26	7	8	7
Waik	13	14	17	7	4	7	21	6	14	13
Otor	13	9	10	8	9	16	14	17	16	15
Cart	12	11	8	14	11	10	11	10	21	11
Nplym	11	11	13	14	12	21	20	13	6	3
Frank	9	6	4	5		7	9	8	10	7
Rod	8	13	7	2	9	8	9	1	1	4
FNorth	7	8	10	13	7	10	10	10	7	10
Rot	6	10	10	6	10	12	10	9	8	8
Taupo	6	7	9	7	6	7	7	10	7	11
Waipa	5	6	5	5	5	10	9	7	2	8
Kaip	5	6	4	5	7	13	7	10	10	8
WBoP	5	3	1	1	6	8	6	3	3	6
ThCoro	4	3	4	3	1	1	3	1	4	
Horow	4	2	5	2	7	5	2	6	5	7
Sth Waik	4	2	0	1	7	4	0	1	2	1
Opotiki	3	3	4	1	1	3	4	3	2	3
Whakat	3	1	2	0	3	2			6	1
Nap	3	1	0	1	1	1	2	4	3	1
Whang	2	3	6	3		8	2	5	4	3
MPiako	2	1	9	2	1	4	2	3	2	1
Kapiti	2	1	0	1	1		1	1	1	1
PalmN	2		2	3	4	4	2	1	5	1
Well	1	1	0	1	3	2	1		1	3
Waitak	1	1	0	0						1
Hauraki	1		2	0		3	1	1	4	1
Porirua	1		1	0		1	3	2	1	1
L Hutt	1		1	1						
Papakura	1		0	1			0	1		
Hamilt	0	1								
Manukau			1	0		2	0	1		
NI	769	655	663	632	713	925	821	731	853	735

SOUTH ISLAND

TLA	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Sthland	41	33	25	48	59	56	41	36	41	32
Hurun	32	32	40	40	56	67	71	37	44	40
Marlb	31	21	28	43	29	42	47	24	27	21
Waitak	26	22	20	15	39	42	33	30	29	38
Clutha	26	21	27	40	49	80	38	33	30	35
COtago	23	20	36	22	47	35	28	22	28	35
Ash	23	19	24	39	54	53	42	39	44	39
Dun	18	14	10	9	23	29	17	14	10	11
Sel	16	12	35	33	76	60	68	46	52	50
Tas	16	9	12	16	18	18	24	22	26	28
Waim	13	11	13	14	18	25	23	13	23	30
Tim	12	12	27	20	27	30	32	16	16	23
Gore	10	8	15	23	30	42	20	19	15	12
Waimak	9	11	11	26	32	29	39	24	22	22
Kaik	9	1	6	2	1	6	8	3	7	4
Qtown	8	3	4	6	9	8	9	9	12	9
Mcken	7	9	5	7	11	23	15	7	20	10
Bpenin	5	3	13	5	11	10	11	7	3	1
Wland	2		2	1	0	2			1	1
Chat Isl	1		0		3	2				
Chch		4	3	3	3	5	2	1	2	1
Ingill		2	2	5	12	5	5	4	7	8
Nelson			1	1	0				1	
Grey			0	1	2	5				
Buller			0	1	1	2				
SI	328	267	359	420	610	676	573	406	460	450
TOTAL	1097	922	1022	1052	1323	1601	1394	1137	1313	1185



FINANCIAL STATEMENTS

for the year ended 30 June 2014





FINANCIAL STATEMENTS

for the year ended 30 June 2013

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Directory

For the year ended 30 June 2014

Principal Business:	The main activity of the company is to maintain awareness of and promote control of <i>Cysticercus ovis</i>
Directors:	A Morrison R Barton A Dennis T Ritchie
Project Manager:	D W Lynch
IRD Number:	50-642-291
Registered Office:	Wellington Chambers 154 Featherston Street Wellington
Auditors:	KPMG 10 Customhouse Quay WELLINGTON
Solicitors:	Burrowes & Company 24 Johnston Street Wellington
Bankers:	Bank of New Zealand 222 Lambton Quay Wellington
Shareholder:	Meat Industry Association of New Zealand (Inc)

Ovis Management Limited

Directors' Report

for the year ended 30 June 2014

Introduction

The Directors have pleasure in submitting the Annual Report of Ovis Management Limited incorporating the financial statements and auditors report, for the year ended 30 June 2014.

The report has been prepared so as to include all information required to be disclosed under the Companies Act 1993 except where the shareholders have unanimously resolved to take advantage of the reporting concessions available to them under Section 211 (3) of the Companies Act 1993.

On behalf of the Board these financial statements were approved for issue on 22 August 2014.

R7R Director

[Signature] Director

22-8-14 Date

22/8/14 Date

Ovis Management Limited

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Operating revenue		383,062	379,267
Operating expenditure	1	323,793	329,494
Operating surplus/(deficit) before other income		59,269	49,773
Other Income		9,638	-
Operating surplus/(deficit) before financing income		68,907	49,773
Financial income		4,914	3,685
Financial expenses		-	-
Net financing income	2	4,914	3,685
Operating surplus/(deficit) before tax		73,821	53,458
Income tax expense/(benefit)	3	-	-
Net surplus/(deficit) for the year		73,821	53,458
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		73,821	53,458

Statement of Changes in Equity as at 30 June 2014

	2014 \$	2013 \$
Opening Balance	217,541	164,083
Total comprehensive income for the year	73,821	53,458
Closing Balance	291,362	217,541

Balance Sheet
as at 30 June 2014

	Note	2014 \$	2013 \$
Equity			
Issued and paid up capital			
2 ordinary shares of \$1 each		2	2
Uncalled capital		(2)	(2)
Retained earnings		291,362	217,541
Total equity		291,362	217,541
<i>Represented by:</i>			
Current assets			
Cash and cash equivalents	4	270,713	228,560
Trade and other receivables	5	24,700	28,366
Total current assets		295,413	256,926
Current liabilities			
Trade and other payables	6	42,620	44,735
Employee benefits	7	10,846	14,085
Total current liabilities		53,466	58,820
Working capital		241,947	198,106
Non current assets			
Property, plant and equipment	8	49,415	19,435
Software	9	-	-
Total non current assets		49,415	19,435
Non current liabilities		-	-
Net assets		291,362	217,541

Notes to the Financial Statements

for the year ended 30 June 2014

Statement of significant accounting policies

(i) **Basis of reporting**

The financial statements presented are for the reporting entity Ovis Management Limited (the "Company"). The purpose of the Company is to provide a low cost programme promoting control of *Cysticercus ovis* and monitoring area and national trends of prevalence in lambs.

The financial statements of the company are for the year ended 30 June 2014. The financial statements were authorised for issue by the directors on the 22nd August 2014.

(ii) **Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to not for profit-orientated entities that qualify for and apply differential reporting concessions. The Company is a not for profit-orientated entity. The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The Company qualifies for Differential Reporting exemptions as it has no public accountability and is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted.

The financial statements are presented in New Zealand Dollars (NZD). The financial statements are prepared on the historical cost basis except for accounts receivable which are at cost less impairment.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(iii) **Particular accounting policies**

The accounting policies that materially affect the measurement of financial performance and financial position are set out below:

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Depreciation of property, plant and equipment is calculated on a straight-line basis over their useful lives. Gains and losses on disposal of assets are taken into account in determining the operating results for the year. The rates are as follows:

Office equipment	7 - 40%
Furniture and fittings	10%
Motor Vehicles	21.0%
Computer hardware	10% - 67%

Intangible assets

Computer software is stated at cost less any accumulated amortisation. Amortisation is recognised in the Income statement on a straight line basis over the estimated useful life of the intangible asset.

Computer Software	40%
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Revenue

- a Revenue represents amounts received and receivable from meat companies paid on a 1.5 cents basis (2013:1.5 cents) for each sheep, lamb or goat processed for export.
- b Revenue from services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the service contract.
- c Net financing income comprises of interest payable and interest received on call deposits and are recognised in Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Accounts receivable are stated at cost less impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

Goods and Services Tax

The financial statements are prepared exclusive of Goods and Services Tax (GST), with the exception of receivables and payables, which include GST.

Taxation

The tax expense recognised in the Income statement is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior periods.

No account is taken of deferred income tax.

Expenses

Expense represents amounts paid and payable to suppliers for services received during the year.

1 Operating expenditure

	2014	2013
	\$	\$
Audit remuneration	2,650	2,650
Tax services	1,250	1,250
Contracts/consultants/projects	3,043	870
Depreciation	7,308	13,094
Director's fees – Chairman	16,830	16,830
Director's fees	1,500	2,000
Personnel expenses	121,927	133,328
Other operating expenses	169,285	159,472
Total operating expenditure	323,793	329,494

Personnel expenses

	2014	2013
	\$	\$
Wages and salaries	125,167	127,850
Change in liability for annual leave	(3,240)	5,478
Total personnel expenses	121,927	133,328

2 Net financing income

	2014	2013
	\$	\$
Interest revenue	4,914	3,685
Interest expense	-	-
Net financing income	4,914	3,685

3 Taxation

	2014	2013
	\$	\$
Reconciliation of effective tax rate		
Operating surplus/(deficit) before tax	73,821	53,458
Income tax using Company tax rate 28%	20,670	14,968
Non-assessable income/non-deductible expenses at company rate	(911)	1,423
Losses provided to/from parent	(19,758)	(5,105)
Losses bought forward and utilised at Company tax rate	-	(11,286)
Tax @ Company Tax Rate	-	-
Prior year adjustment	-	-
Tax benefit of losses not recognised	-	-
Income tax expense/(benefit) per income statement	-	-

The Company and its parent has \$377,069 of tax losses to carry forward (2013:\$315,975), which the company is able to utilise. The availability of losses to carry forward is subject to the Company continuing to meet the requirements of the Income Tax Act, and agreement of the tax losses by the Inland Revenue Department.

	2014	2013
Imputation credit memorandum account		
Balance at beginning of year	198,455	198,255
Income tax paid/(refund)	(1,026)	(826)
Prior year adjustment	-	-
RWT on interest received	1,384	1,026
Balance at end of year	198,813	198,455

4 Cash and cash equivalents

	2014	2013
	\$	\$
Bank balances	60,964	28,946
Call deposits	209,749	199,614
Balance as at 30 June	270,713	228,560

5 Trade and other receivables

	2014	2013
	\$	\$
Trade receivables	22,244	27,294
RWT Receivable	1,384	1,026
Other Receivables and Prepayments	1,072	46
Balance as at 30 June	24,700	28,366
Impairment loss deducted	-	-

6 Trade and other payables

	2014	2013
	\$	\$
Trade Payables	36,306	39,486
GST Payable	2,616	1,336
PAYE Payable	3,698	3,913
Balance as at 30 June	42,620	44,735

7 Employee benefits

	2014	2013
	\$	\$
Liability for Annual Leave	10,846	14,085
Balance as at 30 June	10,846	14,085

8 Property, plant and equipment

	2014	2013
	\$	\$
Furniture and fittings		
At cost	775	775
Accumulated depreciation	775	775
	-	-
Current year depreciation	-	-
Motor vehicles		
At cost	40,956	38,489
Accumulated depreciation	2,150	30,714
	38,806	7,775
Current year depreciation	2,150	9,699
Computer hardware		
At cost	19,403	16,911
Accumulated depreciation	15,769	13,200
	3,634	3,711
Current year depreciation	2,569	1,962
Office equipment		
At cost	67,813	66,198
Accumulated depreciation	60,838	58,249
	6,975	7,949
Current year depreciation	2,589	1,433
Total property, plant and equipment		
At cost	128,947	122,373
Accumulated depreciation	79,532	102,938
	49,415	19,435
Current year depreciation	7,308	13,094

There is no impairment loss recognised during the year (2013: nil).

9 Intangible Assets

	2014	2013
	\$	\$
Software		
At cost	1,300	1,300
Accumulated Amortisation	1,300	1,300
	-	-
Current year amortisation	-	390

There is no impairment loss recognised during the year (2013: nil).

10 Capital commitments

There are no capital commitments outstanding as at balance date (2013: nil).

11 Contingent liabilities

There are no contingent liabilities outstanding as at balance date (2013: nil).

12 Related party information

(i) Identity of related parties

The Meat Industry Association of New Zealand (Inc) owns 100% of Ovis Management Limited. The Association charges a service fee for management and administrative services.

(ii) Related party transactions

Ovis Management Limited pays service fees of \$15,936 (2013: \$15,777) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, Ovis Management Limited has recognised a payable to Meat Industry Association (parent company) for the amount of \$3,125 (2013: \$4,271). This relates to service fees and office expenses paid by Meat Industry Association on Ovis Management Limited's behalf.

During the year ended 30 June 2014, Ovis Management and the Meat Industry Association of New Zealand (Inc) transacted with a company, related to a board member, in the normal course of business. The transactions were on consistent commercial terms with other meat companies.

During the year ended 30 June 2013, Ovis Management Limited received service fees from Johnes Management Limited in the amount of \$15,000. Johnes Management Limited were a related party in 2013 due to common chairmanship in 2013, this was no longer the case in 2014.

Ovis Management Limited tax losses are available for use by its parent, Meat Industry Association. In 2013 \$315,975 tax losses were available to pass to Meat Industry Association.

(iii) Remuneration

Total remuneration is included in personnel expenses (see note 1).
Chairman is paid an annual fee; (see note 1).

13 Subsequent events

There are no events subsequent to balance date that would materially effect these financial statements (2013: nil).



Independent auditor's report

To the shareholder of Ovis Management Limited

Report on the financial statements

We have audited the accompanying financial statements of Ovis Management Limited ("the company") on pages 21 to 28. The financial statements comprise the balance sheet as at 30 June 2014, the statements of comprehensive income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

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 company's preparation of the financial statements that give a true and fair view of 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 company'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.

Our firm has also provided other services to the company in relation to taxation. This has not impaired our independence as auditor of the company. The firm has no other relationship with, or interest in, the company.



Opinion

In our opinion the financial statements on pages 21 to 28:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company as at 30 June 2014 and of its financial performance for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Ovis Management Limited as far as appears from our examination of those records.

A handwritten signature of the KPMG firm in blue ink, appearing as 'KPMG' in a cursive style.

22 August 2014
Wellington