

**CENTRAL
VICTORIAN
UNITED
FRIENDLY
SOCIETIES
LTD**

2008 ANNUAL REPORT

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Central Victorian United Friendly Societies Ltd

ABN 55 087 822 286

Registered Office: Suite 2, 379 Hargreaves Street
Bendigo 3550

Chairman: Mr Alan Graham
Secretary: Mr Michael Fleming

Telephone: (03) 5441 5590

Chairman and Company Secretary's Report

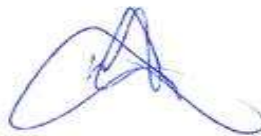
The financial performance of the society continues to improve on the back of excellent sales growth at the Maiden Gully Pharmacy and the benefits of working with Bendigo UFS Pharmacies Ltd to obtain the efficiencies of a larger group.

The loss for the year has improved by 65.4% from the previous year. It is anticipated that the society will return to profit in the next twelve months and confirms that the decision to relocate from Box Hill has been an outstanding success.

The Maiden Gully area continues to grow rapidly in population and now the infrastructure such as a secondary college and other elements are following. This all bodes well for the future of the pharmacy and ultimately the society.



Mr Alan Graham
Chairman



Mr Michael Fleming
Company Secretary

2008 PERFORMANCE SUMMARY

	2008	2007
	\$	\$
Total Revenue	773,622	532,865
Salaries & Employee Benefit expenses	41	988
Percentage of Revenue	0.01 %	0.19 %
Total Other Expenses	818,821	662,669
Percentage of Revenue	105.84 %	124.36 %
Loss Before Income Tax Expense	(45,240)	(130,792)
Percentage of Revenue	(5.85)%	(24.54)%

Balance Sheet Summary

	2008	2007
Total Current Assets	<u>40,201</u>	<u>23,860</u>
Total Non Current Assets	<u>90,364</u>	<u>91,759</u>
Total Assets	<u>130,565</u>	<u>115,619</u>
Total Current Liabilities	<u>136,599</u>	<u>76,413</u>
Total Liabilities	<u>136,599</u>	<u>76,413</u>
Net Assets	<u>(6,033)</u>	<u>39,206</u>
Total Members Funds	<u>(6,033)</u>	<u>39,206</u>

Performance Statistics

Return on Total Assets	(34.65)%	(113.12)%
Current Ratio	0.29	0.31
Return on Equity	(749.87)%	(333.60)%

Our Mission

Excellence in health advice, medication and service to our members and support for our community.

Values

- | | |
|-------------------------------|---------------------------------|
| * Community Support | * Knowledge |
| * Confidentiality | * Member Satisfaction |
| * Customer Service | * Professionalism |
| * Development of Business | * Provision of Quality Advice |
| * Employees | * Quality and Range of Products |
| * Ethical and Honest Practice | * Value for Money |

Our Vision

To be the recognised leader in providing, developing and enhancing a comprehensive range of pharmacy and health related products and services.

Membership

Our business is based upon a membership structure where our primary focus is to provide a range of products and services to our membership base which continues to grow.

Members pay a membership fee which entitles them to receive discounts on our product range and access to a range of subsidised services and information.

Board of Directors

Chairman	Alan Graham
Deputy Chairman	Geoff Cook
Director	Michael Hogan
Director	Marika McMahon
Director	Andrew Hunt
Director	Chris Niven
Director	Pamela Quinn

Management

Company Secretary	Michael Fleming
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Central Victorian UFS Ltd Directors' Report

Your Directors submit the financial report of the CENTRAL VICTORIAN FRIENDLY UNITED SOCIETIES LTD for the period ended 30 June 2008.

The names and details of the company's directors who held office during or since the end of the financial year.

Mr Alan Graham

Chairman

Age: 69

Occupation: Owner/Director Party Plan Prints on the Run

Experience and expertise

Held various management and buying roles at Clark Rubber, Beehive Stores and Macedon Ranges Home Furnishings over 50 years.

Interests in shares: Nil

Mr Geoff Cook

Deputy Chairman

Age: 57

Occupation: Manager Corporate Services, Bendigo Health Care Group

Experience and expertise

Senior manager in several different organisations for approximately 20 years.

Cert of Bus Studies (Accounting), Grad Dip of Management, Master of Business

Interests in shares: Nil

Mr Chris Niven

Director

Age: 45

Occupation: Executive Manager Retail

Experience and expertise

Currently a senior executive with RegionalOne Credit Union, Victoria's largest regional credit union, 29 years experience in retail banking and finance, Bendigo UFS Pharmacies Board member for 4 years.

Interests in shares: Nil

Ms Marika McMahon

Director

Age: 37

Occupation: Solicitor

Experience and expertise

Marika is a partner of O'Farrell Robertson McMahon Lawyers, practicing in Family Law. She is Chair of the Bendigo Health Care Group and a Director Rural Ambulance Victoria.

Special responsibilities: Audit Committee

Interests in shares: Nil

Central Victorian UFS Ltd
Directors' Report

Mr Michael Hogan

Director

Age: 48

Occupation: Executive Manager, Health Care

Experience and expertise:

Currently the Chief Executive Officer of St John of God Hospital, Bendigo with over 20 years senior management experience. A qualified Chartered Accountant and member of the Australian Institute of Company Directors.

Board member for 1 year

Interests in shares: Nil

Ms Pamela Quinn (Deceased: 7th September 2008)

Director

Age: 54

Mr Andrew Hunt

Director

Age: 53 54

Occupation: Finance Manager

Experience and expertise

Senior Finance Positions in Health and Public Utilities last 25 years. Economics Degree 1978

CPA since 1986, FAICD since 2002.

Interests in shares: Nil

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Mr Michael Fleming. Mr Michael Fleming was appointed to the position of secretary on 1st July 2005. Mr Michael Fleming holds a Bachelor of Business (Accounting and Data Processing) from La Trobe University obtained in 1992. Previously he worked for Beck Legal from 1993 to 2005 as the Practice Manager before joining Bendigo UFS Pharmacies Ltd as the Chief Executive Officer in April 2005 which is associated with Central Victorian UFS Ltd.

**Central Victorian UFS Ltd
Directors' Report**

PRINCIPAL ACTIVITIES

The principal activities of the society during the course of the financial year were to provide pharmaceutical goods and services to both members and non-members.

OPERATING RESULTS

Operations have continued to perform in line with expectations. The loss of the company for the financial year after provision for income tax was:

Year Ended 30 June 2008	Year Ended 30 June 2007
\$ (45,240)	\$ (130,792)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

ENVIRONMENTAL REGULATION

The company is not subject to any significant environmental regulation.

DIRECTORS' BENEFITS

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate, other than interests and benefits disclosed at Note 15.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors or Manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

**Central Victorian UFS Ltd
Directors' Report**

DIRECTORS MEETINGS

The number of Directors meetings attended by each of the Directors of the company during the year were:

	Number of Board Meetings eligible to attend	Number attended
Mr Alan Graham	4	2
Mr Geoff Cook	4	4
Mr Chris Niven	4	3
Ms Marika McMahon	4	2
Mr Michael Hogan	4	4
Mr Andrew Hunt	4	4
Ms Pamela Quinn	4	3

NON AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* .

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;

none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Central Victorian UFS Ltd
Directors' Report

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Signed in accordance with a resolution of the Board of Directors at Suite 2, 379 Hargreaves Street, Bendigo on 15th October 2008.



Mr Alan Graham
Chairman



Mr Geoff Cook
Deputy Chairman



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ABN 51 061 795 337

Auditor's Independence Declaration

As lead auditor for the audit of the financial statements of Central Victorian United Friendly Society Ltd for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

DAVID HUTCHINGS
PARTNER
ANDREW FREWIN & STEWART
BENDIGO

Dated: 16/10/08

Central Victorian UFS Ltd
Income Statement for the year ended 30th June 2008

	Notes	2008 \$	2007 \$
Revenues from Ordinary Activities	2	773,622	532,865
Salaries & Employee benefits expense		(41)	(988)
Depreciation and Amortisation Expense	3	(3,424)	(3,191)
General Administration Expenses		(815,397)	(659,478)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		<u>(45,240)</u>	<u>(130,792)</u>
Income Tax expense	4	<u>-</u>	<u>-</u>
LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		<u>(45,240)</u>	<u>(130,792)</u>
LOSS ATTRIBUTABLE TO MEMBERS OF CENTRAL VICTORIAN UFS LTD		<u><u>(45,240)</u></u>	<u><u>(130,792)</u></u>

Central Victorian UFS Ltd
Balance Sheet as at 30th June 2008

	Notes	2008 \$	2007 \$
CURRENT ASSETS			
Cash Assets	5	4,376	9,740
Trade and Other Receivables	6	35,825	14,120
TOTAL CURRENT ASSETS		<u>40,201</u>	<u>23,860</u>
NON CURRENT ASSETS			
Property, Plant & Equipment	7	90,364	91,759
TOTAL NON CURRENT ASSETS		<u>90,364</u>	<u>91,759</u>
TOTAL ASSETS		<u><u>130,565</u></u>	<u><u>115,619</u></u>
CURRENT LIABILITIES			
Trade and Other Payables	8	6,109	4,052
Borrowings	9	130,490	72,361
TOTAL CURRENT LIABILITIES		<u>136,599</u>	<u>76,413</u>
TOTAL LIABILITIES		<u><u>136,599</u></u>	<u><u>76,413</u></u>
NET ASSETS		<u><u>(6,033)</u></u>	<u><u>39,206</u></u>
MEMBERS FUNDS			
Reserves		443,724	443,724
Accumulated Losses	10	(449,757)	(404,518)
TOTAL MEMBERS FUNDS		<u><u>(6,033)</u></u>	<u><u>39,206</u></u>

Central Victorian UFS Ltd
Statement of Cashflows for the year ended 30th June 2008

	Notes	2008 \$	2007 \$
<u>Cash Flows from operating activities:</u>			
Cash Received from customers		771,220	527,511
Cash Paid to suppliers and employees		(835,085)	(603,936)
Interest received		2,402	5,354
Net Cash Outflows from Operating Activities	11	(61,463)	(71,071)
<u>Cash flows from investing activities:</u>			
Payments for property, plant & equipment		(2,029)	(91,270)
Net Cash Inflows/(Outflows) from investing activities		(2,029)	(91,270)
<u>Cash flows from financing activities:</u>			
Proceeds from Borrowings		58,129	163,559
Net Cash Inflows from financing activities		58,129	163,559
Net increase/(decrease) in cash held		(5,363)	1,217
Cash at the beginning of the financial year		9,740	8,523
Cash at the end of the financial year	11	4,376	9,740

Central Victorian UFS Ltd
Statement of Changes in Equity for the year ended 30th June 2008

	Retained Earnings	Reserves	Total
	\$		\$
Balance at 1 July 2006	(273,726)	443,724	169,998
Loss for the year	(130,792)	-	(130,792)
Balance at 30 June 2007	<u>(404,518)</u>	<u>443,724</u>	<u>39,207</u>
Loss for the year	(45,240)	-	(45,240)
Balance at 30 June 2008	<u>(449,758)</u>	<u>443,724</u>	<u>(6,034)</u>

1 Statement of Accounting Policies

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

The financial report covers the economic entity of Central Victorian UFS Ltd as an individual economic entity. Central Victorian UFS Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial report of Central Victorian UFS Ltd complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

(b) Taxation

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Central Victorian UFS Ltd

Notes to the Financial Statements for the year ended 30th June 2008

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they related to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operation cash flows.

(d) Members' Guarantee

The company is limited by guarantee. If the company is wound up, the Constitution states that each member would be required to pay \$0.50. The number of members at 30 June 2008 was 631 (2007: 519).

(e) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

(f) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(g) Investments

Investments are valued at cost or Director's Valuation. Dividend income received is brought to account in the surplus for the year.

(h) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is based on the first in first out principle and includes expenditure incurred in acquiring the inventories and bringing them to their present condition and location. Net realisable value is determined on the basis of the normal sales pattern.

(i) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years
- furniture and fittings 4 - 40 years

(k) Membership Revenue

The policy has been introduced last financial year that membership revenues have been accounted for on a prepaid basis as opposed to at the time of receipt and this applies to members joining the society since the 12th May 2006 when the new Maiden Gully Store opened.

(l) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

(n) Receivables and Payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

(o) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Central Victorian UFS Ltd
Notes to the Financial Statements for the year ended 30th June 2008

	2008	2007
	\$	\$
2 Revenue from Ordinary Activities		
Operating activities		
Sales Revenue	766,640	522,267
Memberships	4,560	5,189
Total revenue from operating activities	<u>771,200</u>	<u>527,456</u>
Non operating activities		
Interest Received	2,402	5,354
Sundry Income	20	55
Total revenue from non-operating activities	<u>2,422</u>	<u>5,409</u>
Total revenue from Ordinary Activities	<u><u>773,622</u></u>	<u><u>532,865</u></u>
3 Expenses		
Depreciation of non-current assets:		
- Leasehold Improvements	<u>3,424</u>	<u>3,191</u>
	<u>3,424</u>	<u>3,191</u>

Central Victorian UFS Ltd
Notes to the Financial Statements for the year ended 30th June 2008

4 Income Tax Expense (Mutuality Principal)

	<u>2008</u>			<u>2007</u>		
	MUTUAL	NON-MUTUAL	TOTAL	MUTUAL	NON-MUTUAL	TOTAL
TRADING INCOME						
Government Scripts		395,959	395,959		238,395	238,395
Counter Scripts	336,280	34,400	370,680	262,867	21,005	283,872
Other Income			-			-
	<u>336,280</u>	<u>430,359</u>	<u>766,640</u>	<u>262,867</u>	<u>259,400</u>	<u>522,267</u>
Stock at Beginning			-			-
Purchases			(24)			-
Discount Received			-			-
Stock at End			-			-
COST OF GOODS SOLD	<u>-</u>	<u>10.56</u>	<u>(24)</u>	<u>0</u>	<u>0</u>	<u>-</u>
GROSS SURPLUS	<u>336,291</u>	<u>430,373</u>	<u>766,664</u>	<u>262,867</u>	<u>259,400</u>	<u>522,267</u>
EXPENSES	818,886			663,657		
Less: Non-Trading Expenses	-			-		
Non Deductible Expenses	-			-		
Superannuation	41			988		
	<u>359,180</u>	<u>459,665</u>	<u>818,845</u>	<u>333,534</u>	<u>329,135</u>	<u>662,669</u>
Add: Non-Trading Expenses		-	-		-	0
Superannuation		41	41		988	988
TOTAL EXPENSES	<u>359,180</u>	<u>459,706</u>	<u>818,886</u>	<u>333,534</u>	<u>330,123</u>	<u>663,657</u>
NET TRADING SURPLUS	<u>(22,889)</u>	<u>(29,333)</u>	<u>(52,223)</u>	<u>(70,667)</u>	<u>(70,723)</u>	<u>(141,390)</u>
NON-TRADING INCOME						
Members Assessments	4,560		4,560	5,189		5,189
Interest Received		2,402	2,402		5,354	5,354
Other		20	20		55	55
Profit on Sale of Fixed Assets		-	-		-	0
	<u>4,560</u>	<u>2,422</u>	<u>6,983</u>	<u>5,189</u>	<u>5,409</u>	<u>10,598</u>
Less: Expenses						
Interest - Non-taxable			-			-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,560</u>	<u>2,422</u>	<u>6,983</u>	<u>5,189</u>	<u>5,409</u>	<u>10,598</u>
NET LOSS BEFORE TAX						
FROM OPERATING ACTIVITIES	<u>(18,329)</u>	<u>(26,911)</u>	<u>(45,240)</u>	<u>(65,478)</u>	<u>(65,314)</u>	<u>(130,792)</u>
Prima facie tax on profit from ordinary activities		(8,073)			(19,594)	
Future Income Tax Benefits attributable to tax losses not brought to account, the benefit of which is not virtually certain:		<u>8,073</u>			<u>19,594</u>	
PROVISION FOR INCOME TAX	(9)	<u>-</u>		(9)	<u>-</u>	
Over provision for Income Tax during the Year						
INCOME TAX EXPENSE		<u>-</u>			<u>-</u>	

Central Victorian UFS Ltd
Notes to the Financial Statements for the year ended 30th June 2008

	2008	2007
	\$	\$
5 Cash		
Cash at Bank and on Hand	4,376	9,740
	<u>4,376</u>	<u>9,740</u>
6 Trade and Other Receivables		
Trade Debtors	380	407
Government	14,105	2,365
GST Rebate	21,340	11,349
	<u>35,825</u>	<u>14,121</u>
7 Property, Plant & Equipment		
Leasehold Improvements		
At cost	97,180	95,151
Less accumulated depreciation	(6,816)	(3,392)
	<u>103,996</u>	<u>98,543</u>
Total Written Down Amount	<u>103,996</u>	<u>98,543</u>
Movements in carrying amounts		
Leasehold Improvements		
Carrying amount at the start of the year	91,759	94,950
Additions	2,029	-
Depreciation/Amortisation	(3,424)	(3,191)
Carrying amount at the end of the year	<u>90,364</u>	<u>91,759</u>
Total written down amount	<u>90,364</u>	<u>91,759</u>

Central Victorian UFS Ltd
Notes to the Financial Statements for the year ended 30th June 2008

	2008	2007
	\$	\$
8 Trade and Other Payables		
Other Creditors and Accruals	6,109	4,052
	<u>6,109</u>	<u>4,052</u>
	<u><u>6,109</u></u>	<u><u>4,052</u></u>
9 Borrowings		
(a) Current		
Inter-group Loans	130,490	72,361
	<u>130,490</u>	<u>72,361</u>
	<u><u>130,490</u></u>	<u><u>72,361</u></u>
<p>Inter-group loan is repayable at 90 days notice. Interest is recognised at an average rate of 8.90% (2006: N/A).</p>		
10 Members Funds		
Balance at the beginning of the financial year	39,207	169,998
Net Loss from ordinary activities after Income Tax	(45,240)	(130,792)
	<u>(6,034)</u>	<u>39,207</u>
	<u><u>(6,034)</u></u>	<u><u>39,207</u></u>

Central Victorian UFS Ltd
Notes to the Financial Statements for the year ended 30th June 2008

	2008	2007
	\$	\$
11 Statements of cashflows		
Reconciliation of cash		
Cash at Bank and on hand	<u>4,376</u>	<u>9,740</u>
	<u>4,376</u>	<u>9,740</u>
Reconciliation of loss from ordinary activities after tax to net cash used in operating activities		
Loss from ordinary activities after income tax	(45,240)	(130,792)
Non-cash items:		
- Depreciation	3,424	3,191
Changes in assets and liabilities:		
- Increase/(Decrease) in receivables	(21,705)	57,891
- Increase/(Decrease) in trade creditors and payables	2,057	(1,361)
Net cashflow used in operating activities	<u>(61,464)</u>	<u>(71,070)</u>

12 Auditor's Remuneration

Amounts received or due and receivable by the auditor of the company for:

- Auditing the financial accounts	-	-
- Other services in relation to the company	-	600
	<u>-</u>	<u>600</u>

13 Related Party Transactions

The names of each person who held the position of Director during the year are:

Mr Geoff Cook-Chairman
 Ms Marika McMahan
 Mrs Pamela Quinn
 Mr Alan Graham
 Mr Andrew Hunt
 Mr Chris Niven
 Ms Carolyn Stanford

Directors' Remuneration	<u>4,709</u>	<u>14,302</u>
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Central Victorian UFS Ltd

Notes to the Financial Statements for the year ended 30th June 2008

		2008	2007
		\$	\$
The number of Directors of Central Victorian UFS Ltd including Executive Directors who received or in respect of whom income is due and receivable from Central Victorian UFS Ltd within the following bands is:			
\$0	-	\$10,000	7
\$10,001	-	\$20,000	-
\$20,001	-	\$30,000	-
\$30,001	-	\$40,000	-
\$40,001	-	\$50,000	-
\$50,001	-	\$60,000	-
\$60,001	-	\$70,000	-
\$70,001	-	\$80,000	-
\$80,001	-	\$90,000	-
\$90,001	-	\$100,000	-

Central Victorian UFS Ltd engages the legal services of O'Farrell Robertson and McMahon of which Ms Marika McMahon is a partner. Payments made to O'Farrell Robertson and McMahon in the year ended 30th June 2008 totalled \$0 (2007: \$584).

Since the end of the previous financial year no Director of the society has received or become entitled to receive any benefit (Other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts) by reason of a contract made by the society with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial interest.

14 Subsequent events

There have been no events after the end of the financial year that would materially affect the financial statements.

15 Contingent liabilities

There were no contingent liabilities at the date of this report to affect the financial statements.

16 Segment reporting

Central Victorian UFS Ltd operates predominantly in one geographical area being the Greater Bendigo region in Victoria within the Friendly Society Industry.

17 Registered office/Principal place of business

The registered office and principal place of business is:

Registered office

Suite 2, 379 Hargreaves Street, Bendigo 3552

Principal place of business

2/715 Calder Highway Maiden Gully 3555

18 Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(a) Market Risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(b) Price Risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(c) Credit Risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company only accepts credit cards of major financial institutions.

(d) Liquidity Risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

(e) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

Central Victorian UFS Ltd

Notes to the Financial Statements for the year ended 30th June 2008

(b) Financial Instrument Composition and Maturity Analysis

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The company does not have any unrecognised financial instruments at the year end.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Financial Instrument	Floating Interest Rate		Fixed Interest rate maturing in						Non Interest Bearing		Weighted Average Effective Interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<u>Financial assets</u>												
Cash at Bank	4,376	9,740									0.75%	4.50%
Receivables									35,825	14,120		
Investments												
<u>Financial Liabilities</u>												
Trade and Other Payables									6,109	4,052		
Inter Group Loans	130,490	72,361									9.50%	8.90%

(c) Sensitivity Analysis

Interest Rate Risk

The organisation has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date.

This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this

Interest Rate Sensitivity Analysis

At 30th June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

		2008	2007
		\$	\$
Change in Profit			
Increase in interest rate by	2%	201	-
Decrease in interest rate by	2%	(201)	-
Change in Equity			
Increase in interest rate by	2%	201	-
Decrease in interest rate by	2%	(201)	-

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged

No sensitivity analysis has been performed on foreign exchange risk, as the entity is not exposed to foreign currency fluctuations.

Central Victorian UFS Ltd
Directors Declaration

In accordance with a resolution of the directors of Central Victorian UFS Limited,
we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001* , including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr Alan Graham
Chairman

Signed on the 16th October 2008



Mr Geoff Cook
Deputy Chairman

Central Victorian UFS Ltd
Detailed Trading, Surplus Deficit Statement for period ended 30th June 2008

	<u>2008</u>		<u>2007</u>	
	<u>MUTUAL</u>	<u>NON-</u> <u>MUTUAL</u>	<u>TOTAL</u>	<u>TOTAL</u>
	\$	\$	\$	\$
TRADING INCOME				
Government Prescriptions		395,959	395,959	238,395
Counter Prescriptions & Other Sales	336,280	34,400	370,680	283,872
TOTAL SALES	336,280	430,359	766,640	522,267
Stock at Beginning			-	-
Purchases			-	24.07
Less Discounts Received			-	-
Less Stock at End			-	-
Cost of Goods Sold	-	10.56	-	13.51
GROSS SURPLUS	336,291	430,373	766,664	522,267
LESS EXPENSES				
Audit Fees			-	600
Bank Charges			1,275	1,032
Computer Maintenance			-	2,032
Depreciation and Amortisation			3,424	3,191
Directors Expenses			4,709	14,302
Discrepancy			(160)	9
Donations			541	473
General Expenses			1,502	1,200
Insurances			137	3,297
Interest Paid			(913)	913
Legal Fees			-	200
Printing & Stationery, Postage & Software			1,824	-
Service Fee			806,507	634,925
Subscriptions/Memberships			-	494
Superannuation			41	988
TOTAL EXPENSES	359,198	459,689	818,886	663,657
NET TRADING SURPLUS	(22,907)	(29,316)	(52,223)	(141,390)
	43.86%	56.14%		
NON TRADING INCOME				
Members' assessments	4,560	-	4,560	5,189
Interest	-	2,402	2,402	5,354
Sundry Income	-	20	20	55
	4,560	2,422	6,983	10,598
LESS EXPENSES				
Other Non Trading Expenses	-	-	-	-
TOTAL NON-TRADING INCOME	4,560	2,422	6,983	10,598
NET SURPLUS (DEFICIT) BEFORE TAX	(18,347)	(26,894)	(45,240)	(130,792)
LESS Income Tax Expense	-	-	-	-
	(18,347)	(26,894)	(45,240)	(130,792)
NET SURPLUS (DEFICIT)	(18,347)	(26,894)	(45,240)	(130,792)



Chartered Accountants & Business Advisors

INDEPENDENT AUDITOR'S REPORT

PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

To the members of Central Victorian United Friendly Society Ltd.

We have audited the accompanying financial report of Central Victorian United Friendly Society Ltd which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report so that that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 made by the Directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Opinion

In our opinion, the financial report of Central Victorian United Friendly Society Ltd is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Central Victorian United Friendly Society Ltd as of 30 June 2008, and of its financial performance and its cash flows for the year then ended and Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.


DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated: 16/10/08



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Bendigo VIC 3552
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Phone (03) 5443 0344
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INDEPENDENT AUDITOR'S REPORT

To the members of Central Victorian United Friendly Society Ltd

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report for the financial year ended 30 June 2008 relates to the financial report of Central Victorian United Friendly Society Ltd included on its web site. The company's Directors are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

We have audited the accompanying financial report of Central Victorian United Friendly Society Ltd which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

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