

**CENTRAL  
VICTORIAN  
UNITED  
FRIENDLY  
SOCIETIES  
LTD**

**2009 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 Geoff Cook  
**Secretary:** Mr Michael Fleming

**Telephone:** (03) 5441 5590

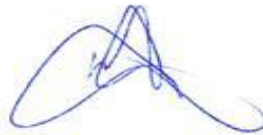
## Chairman and Company Secretary's Report

The society generated a surplus in excess of \$29,000 for the year ended 30th June 2009. This is the first surplus for over five years and reflects the continued improvement of the Maiden Gully Pharmacy which has grown strongly over the past few years since its shift from Box Hill. The store has changed its hours recently and with the growth in population in the local area management expects the pharmacy to continue its growth over the coming years.

The pharmacy is supplied by UFS Pharmacies and this arrangement is benefiting the society in providing it with access to services and buying opportunities that it would not achieve as a single stand alone pharmacy. Management is looking forward to the year ahead with another strong year forecast.



Mr Geoff Cook  
Chairman



Mr Michael Fleming  
Company Secretary

## 2009 PERFORMANCE SUMMARY

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Total Revenue	911,678	773,622
Salaries & Employee Benefit expenses	0	41
Percentage of Revenue	0.00 %	0.01 %
Total Other Expenses	882,238	818,821
Percentage of Revenue	96.77 %	105.84 %
Loss Before Income Tax Expense	29,441	(45,240)
Percentage of Revenue	3.23 %	(5.85)%

### Balance Sheet Summary

	<b>2009</b>	<b>2008</b>
Total Current Assets	<u>44,140</u>	<u>40,201</u>
Total Non Current Assets	<u>86,920</u>	<u>90,364</u>
Total Assets	<u>131,060</u>	<u>130,565</u>
Total Current Liabilities	<u>107,652</u>	<u>136,599</u>
Total Liabilities	<u>107,652</u>	<u>136,599</u>
Net Assets	<u>23,407</u>	<u>(6,034)</u>
Total Members Funds	<u>23,407</u>	<u>(6,034)</u>

### Performance Statistics

Return on Total Assets	22.46 %	(34.65)%
Current Ratio	0.41	0.29
Return on Equity	125.77 %	(749.76)%

## **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	Geoff Cook
Deputy Chairman	Michael Hogan
Director	Glenn Reilly
Director	Marika McMahan
Director	Alan Graham
Director	Roslyn Salmon
Director	Kate Hyett

## **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 2009.

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

Mr Geoffrey Cook

Chairman

Age: 58

Occupation: Manager Corporate Services, Bendigo Health Care Group

Experience and expertise:

Senior manager in several different organisations for approximately 21 years.

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

Interests in shares: Nil

Mr Michael Hogan

Deputy Chairman

Age: 49

Occupation: Executive Manager, Health Care

Experience and expertise:

Currently Chief Executive Officer, St John of God Hospital, Bendigo with over 20 years of senior management experience. Qualified Chartered Accountant and member of Australian Institute of Company Directors. Board Member for 1 year

Interest in shares: Nil

Mr Chris Niven (Resigned 28th April 2009)

Director

Age: 51

Occupation: Executive Manager Retail

Experience and expertise

Previously 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 5 years.

Interests in shares: Nil

Ms Marika McMahan

Director

Age: 38

Occupation: Solicitor

Experience and expertise

Marika is a partner of O'Farrell Robertson McMahan 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

Mr Alan Graham

Director

Age: 70

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

**Central Victorian UFS Ltd**  
**Directors' Report**

Mr Andrew Hunt (Resigned 18th November 2008)

Director

Age: 55

Occupation: Finance Manager

Experience & expertise: Senior Positions in Health & Public Utilities last 26 years. Economics

Degree 1978, CPA since 1986, FAICD since 2002.

Special Responsibilities: Audit Committee

Interests in Shares: Nil

Ms Kate Hyett - RN, CN, BN, P GD Dip OH, M Hlth Sci, MRNCA

Director

Age: 44

Occupation: Executive Manager, Health Care

Experience & Expertise: Currently Nursing Resource Manager, Bendigo Health. Over 15 years experience in senior management in health services.

Interests in Shares: Nil

Ms Roslyn Salmon (Appointed: 27th January 2009)

Director

Age: 37

Occupation: Communications, Water Industry

Experience & Expertise: Currently Manager, Public Affairs, Coliban Water, Bendigo. Has worked in media, tertiary education and water industry sectors. Qualifications in journalism, marketing, communications & business management. Member of the Public Relations Institute of Australia.

Interests in Shares: Nil

Mr Glenn Reilly

Director

Age: 44

Occupation: Manager/Director, Retail

Experience & Expertise: 26 years in electrical appliance retail with family business, Reillys Retravisoin

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.

### **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 profit/(loss) of the company for the financial year after provision for income tax was:

<b>Year Ended 30 June 2009</b>	<b>Year Ended 30 June 2008</b>
\$ 29,441	\$ (45,240)

### **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 13.

### **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:

	<b>Number of Board Meetings eligible to attend</b>	<b>Number attended</b>
Mr Alan Graham	4	4
Mr Geoff Cook	4	4
Mr Chris Niven	3	3
Ms Marika McMahon	4	2
Mr Michael Hogan	4	4
Mr Andrew Hunt	1	1
Ms Kate Hyett	4	4
Mr Glenn Reilly	4	4
Ms Roslyn Salmon	2	2

**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.

**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 24th November 2009.



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**Mr Geoff Cook**  
Chairman



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**Mr Michael Hogan**  
Deputy Chairman

**Central Victorian UFS Ltd**  
**Directors' Report**

Insert Auditors Independence Declaration

### **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 2009, 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**  
**ANDREW FREWIN & STEWART**  
61-65 Bull Street, Bendigo, 3550

Dated: 24<sup>th</sup> November 2009

**Central Victorian UFS Ltd**  
**Income Statement for the year ended 30th June 2009**

	Notes	2009 \$	2008 \$
Revenues from Ordinary Activities	2	911,678	773,622
Salaries & Employee benefits expense		-	(41)
Depreciation and Amortisation Expense	3	(3,445)	(3,424)
General Administration Expenses		(878,793)	(815,397)
<b>PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE</b>		<u>29,441</u>	<u>(45,240)</u>
Income Tax expense	4	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE</b>		<u>29,441</u>	<u>(45,240)</u>
<b>PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF CENTRAL VICTORIAN UFS LTD</b>		<u><u>29,441</u></u>	<u><u>(45,240)</u></u>

**Central Victorian UFS Ltd**  
**Balance Sheet as at 30th June 2009**

	Notes	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash Assets	5	3,151	4,376
Trade and Other Receivables	6	40,990	35,825
<b>TOTAL CURRENT ASSETS</b>		<u>44,140</u>	<u>40,201</u>
<b>NON CURRENT ASSETS</b>			
Property, Plant & Equipment	7	86,920	90,364
<b>TOTAL NON CURRENT ASSETS</b>		<u>86,920</u>	<u>90,364</u>
<b>TOTAL ASSETS</b>		<u>131,060</u>	<u>130,565</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	193	6,109
Borrowings	9	107,460	130,490
<b>TOTAL CURRENT LIABILITIES</b>		<u>107,652</u>	<u>136,599</u>
<b>TOTAL LIABILITIES</b>		<u>107,652</u>	<u>136,599</u>
<b>NET ASSETS</b>		<u>23,407</u>	<u>(6,034)</u>
<b>MEMBERS FUNDS</b>			
Reserves		443,724	443,724
Accumulated Losses	10	(420,317)	(449,758)
<b>TOTAL MEMBERS FUNDS</b>		<u>23,407</u>	<u>(6,034)</u>

**Central Victorian UFS Ltd**  
**Statement of Cashflows for the year ended 30th June 2009**

	Notes	2009 \$	2008 \$
<u>Cash Flows from operating activities:</u>			
Cash Received from customers		911,644	771,220
Cash Paid to suppliers and employees		(889,874)	(835,086)
Interest received		34	2,402
Net Cash Inflows/(Outflows) from Operating Acti	11	21,805	(61,464)
<u>Cash flows from investing activities:</u>			
Payments for property, plant & equipment		-	(2,029)
Net Cash Outflows from investing activities		-	(2,029)
<u>Cash flows from financing activities:</u>			
Proceeds from Borrowings		(23,030)	58,129
Net Cash Inflows from financing activities		(23,030)	58,129
Net decrease in cash held		(1,225)	(5,364)
Cash at the beginning of the financial year		4,376	9,740
Cash at the end of the financial year	11	3,151	4,376

**Central Victorian UFS Ltd**  
**Statement of Changes in Equity for the year ended 30th June 2009**

	<b>Retained Earnings</b>	<b>Reserves</b>	<b>Total</b>
	\$		\$
Balance at 1 July 2007	(404,518)	443,724	39,206
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>
Profit for the year	29,441	-	29,441
Balance at 30 June 2009	<u>(420,318)</u>	<u>443,724</u>	<u>23,406</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 2009**

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 2009 was 893 (2008: 631).

**Central Victorian UFS Ltd**  
**Notes to the Financial Statements for the year ended 30th June 2009**

**(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

**Central Victorian UFS Ltd**  
**Notes to the Financial Statements for the year ended 30th June 2009**

**(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.

**Central Victorian UFS Ltd**

**Notes to the Financial Statements for the year ended 30th June 2009**

**(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 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>2 Revenue from Ordinary Activities</b>		
Operating activities		
Sales Revenue	898,598	766,640
Memberships	13,046	4,560
Total revenue from operating activities	<u>911,644</u>	<u>771,200</u>
Non operating activities		
Interest Received	34	2,402
Sundry Income	-	20
Total revenue from non-operating activities	<u>34</u>	<u>2,422</u>
Total revenue from Ordinary Activities	<u><u>911,678</u></u>	<u><u>773,622</u></u>
<b>3 Expenses</b>		
Depreciation of non-current assets:		
- Leasehold Improvements	<u>3,445</u>	<u>3,424</u>
	<u>3,445</u>	<u>3,424</u>

**Central Victorian UFS Ltd**  
**Notes to the Financial Statements for the year ended 30th June 2009**

**4 Income Tax Expense (Mutuality Principal)**

	<u>2009</u>			<u>2008</u>		
	MUTUAL	NON-MUTUAL	TOTAL	MUTUAL	NON-MUTUAL	TOTAL
TRADING INCOME						
Government Scripts		468,861	468,861		395,959	395,959
Counter Scripts	402,079	27,658	429,737	336,280	34,400	370,680
Other Income			-			-
	<u>402,079</u>	<u>496,519</u>	<u>898,598</u>	<u>336,280</u>	<u>430,359</u>	<u>766,640</u>
Stock at Beginning			-			-
Purchases			(76)			(24)
Discount Received			-			-
Stock at End			-			-
COST OF GOODS SOLD	<u>(34)</u>	<u>(42)</u>	<u>(76)</u>	<u>(11)</u>	<u>(14)</u>	<u>(24)</u>
GROSS SURPLUS	<u>402,113</u>	<u>496,561</u>	<u>898,674</u>	<u>336,291</u>	<u>430,373</u>	<u>766,664</u>
EXPENSES	882,414			818,886		
Less: Non-Trading Expenses	-			-		
Non Deductible Expenses	-			-		
Superannuation	-			41		
	<u>394,838</u>	<u>487,576</u>	<u>882,414</u>	<u>359,180</u>	<u>459,665</u>	<u>818,845</u>
Add: Non-Trading Expenses						
Superannuation			0		41	41
TOTAL EXPENSES	<u>394,838</u>	<u>487,576</u>	<u>882,414</u>	<u>359,180</u>	<u>459,706</u>	<u>818,886</u>
NET TRADING SURPLUS/(DEFICIT)	<u>7,275</u>	<u>8,985</u>	<u>16,260</u>	<u>(22,889)</u>	<u>(29,333)</u>	<u>(52,222)</u>
NON-TRADING INCOME						
Members Assessments	13,146		13,146	4,560		4,560
Interest Received		34	34		2,402	2,402
Other		-	-		20	20
Profit on Sale of Fixed Assets			-			-
	<u>13,146</u>	<u>34</u>	<u>13,180</u>	<u>4,560</u>	<u>2,422</u>	<u>6,983</u>
Less: Expenses						
Interest - Non-taxable			-			-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>13,146</u>	<u>34</u>	<u>13,180</u>	<u>4,560</u>	<u>2,422</u>	<u>6,983</u>
NET PROFIT/(LOSS) BEFORE TAX						
FROM OPERATING ACTIVITIES	<u>20,422</u>	<u>9,019</u>	<u>29,440</u>	<u>(18,329)</u>	<u>(26,911)</u>	<u>(45,240)</u>
Prima facie tax on profit from ordinary activities			-			(8,073)
Future Income Tax Benefits attributable to tax losses not brought to account, the benefit of which is not virtually certain:			-			8,073
PROVISION FOR INCOME TAX	(9)	-	-	(9)	-	-
Over provision for Income Tax during the Year			-			-
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Central Victorian UFS Ltd**  
**Notes to the Financial Statements for the year ended 30th June 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>5 Cash</b>		
Cash at Bank and on Hand	3,151	4,376
	<u>3,151</u>	<u>4,376</u>
<b>6 Trade and Other Receivables</b>		
Trade Debtors	33,830	380
Government	7,159	14,105
GST Rebate	-	21,340
	<u>40,990</u>	<u>35,825</u>
<b>7 Property, Plant &amp; Equipment</b>		
Leasehold Improvements		
At cost	97,180	97,180
Less accumulated depreciation	<u>(10,260)</u>	<u>(6,816)</u>
	<u>86,920</u>	<u>90,364</u>
Total Written Down Amount	<u>86,920</u>	<u>90,364</u>
<b>Movements in carrying amounts</b>		
<b>Leasehold Improvements</b>		
Carrying amount at the start of the year	90,364	91,759
Additions	-	2,029
Depreciation/Amortisation	<u>(3,445)</u>	<u>(3,424)</u>
Carrying amount at the end of the year	<u>86,919</u>	<u>90,364</u>
Total written down amount	<u>86,919</u>	<u>90,364</u>

**Central Victorian UFS Ltd**  
**Notes to the Financial Statements for the year ended 30th June 2009**

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>8 Trade and Other Payables</b>		
Other Creditors and Accruals	193	6,109
	<u>193</u>	<u>6,109</u>

**9 Borrowings**

(a) Current		
Inter-group Loans	<u>107,460</u>	<u>130,490</u>
	<u>107,460</u>	<u>130,490</u>

Inter-group loan is repayable at 90 days notice. Interest is recognised at an average rate of 0.00% (2008: 8.90%).

**10 Members Funds**

Balance at the beginning of the financial year	(6,034)	39,206
Net Profit/(Loss) from ordinary activities after Income Tax	29,441	(45,240)
Balance at the end of the financial year	<u>23,406</u>	<u>(6,034)</u>

**Central Victorian UFS Ltd**  
**Notes to the Financial Statements for the year ended 30th June 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>11 Statements of cashflows</b>		
<b>Reconciliation of cash</b>		
Cash at Bank and on hand	<u>3,151</u>	<u>4,376</u>
	<u>3,151</u>	<u>4,376</u>
<b>Reconciliation of loss from ordinary activities after tax to net cash used in operating activities</b>		
Profit/(Loss) from ordinary activities after income tax	29,441	(45,240)
Non-cash items:		
- Depreciation	3,445	3,424
Changes in assets and liabilities:		
- Increase/(Decrease) in receivables	(5,165)	(21,705)
- Increase/(Decrease) in trade creditors and payables	(5,916)	2,057
Net cashflow used in operating activities	<u>21,805</u>	<u>(61,464)</u>
<b>12 Auditor's Remuneration</b>		
Amounts received or due and receivable by the auditor of the company for:		
- Auditing the financial accounts	1,900	-
- Other services in relation to the company	-	-
	<u>1,900</u>	<u>-</u>
<b>13 Related Party Transactions</b>		
The names of each person who held the position of Director during the year are:		
Mr Geoff Cook-Chairman		
Mr Michael Hogan-Deputy Chairman		
Ms Marika McMahan		
Mr Glenn Reilly		
Mr Alan Graham		
Mr Andrew Hunt		
Mr Chris Niven		
Ms Kate Hyett		
Ms Roslyn Salmon		
Directors'		
Remuneration	<u>4,988</u>	<u>4,709</u>

## Central Victorian UFS Ltd

### Notes to the Financial Statements for the year ended 30th June 2009

		2009	2008
		\$	\$
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	9
\$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 2009 totalled \$0 (2008: \$0).

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 and Adelaide 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 and Adelaide Bank Limited mitigates this risk significantly.

**(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					
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b><u>Financial assets</u></b>												
Cash at Bank	3,151	4,376									0.75%	4.50%
Receivables									40,990	35,825		
Investments												
<b><u>Financial Liabilities</u></b>												
Trade and Other Payables									193	6,109		
Inter Group Loans	107,460	130,490									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 2009, 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:

		<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
Change in Profit			
Increase in interest rate by	2%	92	201
Decrease in interest rate by	2%	(92)	(201)
Change in Equity			
Increase in interest rate by	2%	92	201
Decrease in interest rate by	2%	(92)	(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 2009 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.



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**Mr Geoff Cook**  
Chairman

Signed on the 24th November 2009



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**Mr Michael Hogan**  
Deputy Chairman

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

	<u>2009</u>		<u>2008</u>	
	<u>MUTUAL</u>	<u>NON-</u> <u>MUTUAL</u>	<u>TOTAL</u>	<u>TOTAL</u>
	\$	\$	\$	\$
TRADING INCOME				
Government Prescriptions		468,861	468,861	395,959
Counter Prescriptions & Other Sales	402,079	27,658	429,737	370,681
<b>TOTAL SALES</b>	<b>402,079</b>	<b>496,519</b>	<b>898,598</b>	<b>766,640</b>
Stock at Beginning			-	-
Purchases			(76)	(24)
Less Discounts Received			-	-
Less Stock at End			-	-
Cost of Goods Sold	(34)	(42)	(76)	(24)
<b>GROSS SURPLUS</b>	<b>402,113</b>	<b>496,561</b>	<b>898,674</b>	<b>766,664</b>
LESS EXPENSES				
Audit Fees			1,900	-
Bank Charges			1,608	1,275
Computer Maintenance			-	-
Depreciation and Amortisation			3,445	3,424
Directors Expenses			4,988	4,709
Discrepancy			579	(160)
Donations			506	541
General Expenses			1,387	1,502
Insurances			-	137
Interest Paid			-	(913)
Legal Fees			-	-
Printing & Stationery, Postage & Software			2,466	1,824
Service Fee			865,536	806,507
Subscriptions/Memberships			-	-
Superannuation			-	41
<b>TOTAL EXPENSES</b>	<b>394,838</b>	<b>487,576</b>	<b>882,414</b>	<b>818,886</b>
<b>NET TRADING SURPLUS</b>	<b>7,276</b>	<b>8,985</b>	<b>16,261</b>	<b>(52,222)</b>
	44.75%	55.25%		
NON TRADING INCOME				
Members' assessments	13,146	-	13,146	4,560
Interest	-	34	34	2,402
Sundry Income	-	-	-	20
	<b>13,146</b>	<b>34</b>	<b>13,180</b>	<b>6,982</b>
LESS EXPENSES				
Other Non Trading Expenses	-	-	-	-
<b>TOTAL NON-TRADING INCOME</b>	<b>13,146</b>	<b>34</b>	<b>13,180</b>	<b>6,982</b>
<b>NET SURPLUS (DEFICIT) BEFORE TAX</b>	<b>20,422</b>	<b>9,019</b>	<b>29,441</b>	<b>(45,240)</b>
LESS Income Tax Expense	-	-	-	-
	<b>20,422</b>	<b>9,019</b>	<b>29,441</b>	<b>(45,240)</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>20,422</b>	<b>9,019</b>	<b>29,441</b>	<b>(45,240)</b>



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## INDEPENDENT AUDITOR'S REPORT

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 2009 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 2009, 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.

A handwritten signature in black ink, appearing to read 'D Hutchings', with a stylized flourish at the end.

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

Dated: 24<sup>th</sup> November 2009