



ANNUAL REPORT 2022

Central Victorian United Friendly Society Ltd
ABN 55 087 822 286

Disclaimer

The directors and employees of Central Victorian United Friendly Society Ltd accept no liability whatsoever for any injury, loss, claim, damage, incidental or consequential damage, arising out of, or in any way connected with, the use of any information, or any error, omission or defect in the information, contained in this publication. Whilst every care has been taken in the preparation of this publication, Central Victorian United Friendly Society Ltd accepts no liability for the accuracy of the information supplied.

Central Victorian United Friendly Society Ltd

ABN 55 087 822 286

Registered Office: Suite 2, 379 Hargreaves Street,
Bendigo, Victoria 3550

Chair: Nicole Cox

Secretary: Lachlan Edwards

CEO (Interim): Matt Bald

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Printed in Bendigo, Victoria.

UFS137. November 2022



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Consultation

Prescription Advice

Please
Wait Here



Our Purpose

**We improve the health
and wellbeing of our
community**

Our Vision

**Our community's health
and wellbeing destination.**

Our Values

**Respectful
Caring
Trustworthy**



Hear from our Chair

Welcome to the Central Victorian United Friendly Society Annual Report for 2021-22. As the organisation continued to be part of the Bendigo UFS group and evolve in the wake of the pandemic, new challenges presented themselves. A very tight labour market, impacted further by an increased demand for our services, certainly tested the resolve and strength of the organisation.

Through it all, the employees of the Maiden Gully pharmacy remained steadfast and committed not only to the organisation but to the Maiden Gully community that they serve, and for that the Board is truly grateful.

While the operations continued to be tested, strategically, attention was focused on aligning to the organisation's four strategic pillars - Deliver future success through innovative design and accountable leadership; Invest well in people and our core purpose; Promote a culture of inclusion, service and respect; Partner with intent for better health and well-being.

Much work has been completed throughout the year to establish the foundations to support the Board's vision.

Financially, 2021 - 22 was a solid performing year with continued sales growth across the group and specifically in our Maiden Gully pharmacy with 16.4% prescription growth. Resources were channeled into the areas of work force planning and systems improvement. These areas form much of the foundation work that is currently being performed and will continue into the coming year.

After 17 years of loyal and dedicated service, the group farewelled CEO Michael Fleming. Michael has played a key role in the development and growth of Central Victorian UFS and Bendigo UFS, leading the group to the point where it is ready to 'PIVOT' and take the next step. Thank you, Michael, for an enormous contribution to Bendigo UFS, you are 'passing the baton', and leaving behind a very strong legacy.

We welcome our incoming CEO Lois O'Callaghan to the group. Lois comes to Bendigo UFS with an extensive variety of experience in various health care and local government settings, most recently as CEO of Mallee Track Health and Community Service, a multi-purpose service, based in the Northwest of Victoria. The Board is looking forward to working with Lois to take that next step and further engage with our members and community to share the Bendigo UFS story.

Bendigo UFS turns 150 in December, and Central Victorian UFS is excited to be part of the celebration. The Board sees the 150th birthday of this community focused organisation as both a celebration and an opportunity. To be able to reflect on the past 150 years and celebrate the commitment, dedication and service that hundreds of Bendigo UFS staff have given over the years, along with the many thousands of customers that have benefited and the numerous organisations that have received donations or support is truly humbling. It is also a fabulous opportunity to highlight the significant role that our organisation plays in the community.

Your board is excited and committed to the next chapter of the journey. We thank all staff, members and customers for their ongoing support and being part of our story.



Nicole Cox
Chair, Central Victorian United Friendly Society Ltd



"2021/22 was a pivotal year for Maiden Gully."

Our team

Executive

**Matt
Bald**

Interim Chief
Executive
Officer

**Resa
Barker**

Manager,
Operations and
Growth

**Felicity
Davidson**

Manager,
Marketing and
Communications

**Susan
Randall**

Manager,
Health and
Innovation

Maiden Gully team

**Jaclyn
McAliece**

Pharmacy
Manager

**Carol
Campion**

Pharmacist

**Brody
Clayton**

Dispense
Technician

**Stephanie
Dawson**

Retail
Coordinator

**Claudia
Mendoza**

Dispensary
Technician

**Bonnie
Nugent**

Pharmacy
Student

**Erica
Stelfox**

Pharmacy
Assistant



Pictured L-R Felicity Davidson, Matt Bald, Susan Randall, Resa Barker



Pay Here ▼



NURSING
STATION

L'OCCITANE

< Consulting Rooms

L'OCCITANE

EXIT

DIRECTORS' REPORT

DIRECTORS' REPORT

For the year ended 30 June 2022

The directors present their report, together with the financial statements, on Central Victorian United Friendly Society Ltd for the financial year ended 30 June 2022.



Nicole Cox



Paul Kirkpatrick

Board of Directors

The following persons were committee members of Central Victorian United Friendly Society Ltd during the whole of the financial year up to the date of this report, unless otherwise stated:

Chair

BBus (Accounting), CPA, GAICD

Nicole is a Director of many companies including her own business consultancy firm Segue Business Solutions. She is also Managing Director of Swimz Bendigo, a learn to Swim Facility in Bendigo East.

With more than 20 years experience in business, management and finance, having held various executive positions across a broad spectrum of industries, Nicole is also a graduate of the Australian Institute of Company Directors, having held numerous Board positions including Peter Harcourt, St Luke's Anglicare, St Laurence CRT and Bendigo Basketball Association. Nicole currently sits on the Audit & Risk Advisory Committee for the Mount Alexander Shire.

Appointed 6 October 2009.

Deputy Chair

JP, MBA, GAICD, BHA, BAppSc, FCHSE

Paul completed a career in CEO and senior management roles in health and human services organisations before commencing in director roles in a diverse range of companies.

Paul has extensive experience as a director of companies ranging from postgraduate medical education, community energy and consulting.

As a Justice of the Peace, and through involvement in Rotary and the Bendigo Volunteer Resource Centre, Paul also has wide interest and involvement in community service and community development both locally and overseas.

Paul is also a member of the Community Advisory Committee of the Board of Ambulance Victoria.

Appointed 27 September 2017.

DIRECTORS' REPORT



Sue Clarke AM

FAICD, ANZSoG Fellow, Grad Dip (Bus), Grad Dip (Soc Sci CD)

Sue has held senior positions in health and community services for over 40 years including community health, local government, state government and the private sector. Sue's experience extends across primary health care, philanthropy, governance and community engagement.

She has a strong interest and experience in clinical governance and consumer and community engagement. Sue has previously held Board Director positions with Bendigo Health, Murray PHN, Ambulance Victoria, Loddon Mallee Housing t/as Haven and Home Safe. She is currently a Board Director and Chair at Bendigo Foodshare.

Appointed on 25 September 2019.



Chris DeArango

Grad Dip (Bus)

Chris has over 25 years banking experience at Executive and Senior management level with Bendigo Bank, specialising in Marketing and Community Development. He was also the founding CEO of national youth development program Lead On Australia.

He has broad governance experience as a member of many business and community focused boards and committees. He is currently working as a business consultant across a range of industries including water authorities, sporting and event organisations, local Government and banking.

Appointed on 28 February 2018.



Stephen Iser

Stephen is the Managing Director and Board Member (4th Generation) of the family business Hume & Iser Pty Ltd: (Est.1880).

He has extensive experience in the retail and trade industry where he commenced his career in the family business in 1972.

Stephen has been a member for over 20 years of the National Trade and Retail Advisory Committee with the HoME Group and also the recently merged HoME / Mitre 10 Group.

Stephen was a Board and Finance Committee member of The Sandhurst Club (retired 13 years) and recently retired from the Board of the Timber Merchants Association (TMA) of Victoria (5 years).

He has been a supporter and volunteer in fundraising for Radius Disability Services, St Lukes Anglicare, and recently 2015/16 fund raising for Very Special Kids (VSK).

Appointed on 25 June 2013.

DIRECTORS' REPORT



Peter Leersen

**CPA, M (Acc), BBus,
GAICD**

Peter has more than 30 years of Executive and Senior management experience in business, financial management and accounting. Experience is across Government, Statutory Authorities and resort management in Australia.

Peter has extensive experience in leadership roles and business transformation. He has broad governance experience as a member of community focused boards and committees. Peter is also a graduate of the Australian Institute of Company Directors and is currently chair of the Audit, Finance & Risk Committee.

Appointed on 27 May 2019.



Elizabeth March

BA (Soc Sci), Grad Dip Bus

Elizabeth (Liz) has held Senior and Executive Roles in Bendigo across the Human Services Sector for the past 25 years. Currently CEO of Access Australia Group Ltd, Liz has worked across Community Health, Family Services, Child Protection & Out of Home Care Placement, Homelessness and Drug & Alcohol Services.

With a passion and drive for social justice and equitable access to opportunity for all, Liz has focused her career working with some of our most disadvantaged and marginalised community members. Liz joins the Board of Bendigo UFS in 2022 bringing experience from a number of Committees and Boards working within the not-for-profit sector.

Appointed to casual vacancy 15 July 2022.



Andrew Trewartha

BA (Comp)

Andrew has more than 30 years of experience in Information Technology and is currently working on a software development projects for organisations located all over Australia.

Throughout his career Andrew has provided software solutions to a variety of industries, ranging from retail and manufacturing to medical and genetic sciences. His focus has largely been software development, encompassing planning and design through to implementation and support.

Resigned from the position on 24 October 2021.

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

Company Secretary



Lachlan Edwards

Company Secretary LLB, BMS

Lachlan is an experienced commercial lawyer and litigator with over 13 years in practice. Lachlan has a background as a lawyer and manager for the not for profit sector. Lachlan is also Company Secretary for Bendigo Stadium.

Appointed to the position effective 26 October 2021.



Michael Fleming

Company Secretary BBus(Accounting) GAICD

Appointed to the position of secretary in April 2005. Michael previously 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 and provides all retail, staff and other services to the entity.

Resigned from the position effective 19 August 2022.

Director Meetings

Director	Board Meeting		Audit Committee	
	A	B	A	B
Nicole Cox	4	4	2	2
Paul Kirkpatrick	4	4	2	2
Susan Clarke AM	4	4	2	2
Chris DeAraugo	4	4	2	1
Stephen Iser	4	4	2	2
Peter Leersen	4	4	2	2
Andrew Trewartha (resigned 24/10/21)	1	1	-	-

A - The number of meetings eligible to attend.
B - The number of meetings attended.
- - Not eligible to attend.



Performance Summary

Objective

Central Victorian United Friendly Society Ltd. seeks to improve the health and wellbeing of our community by providing health and wellbeing, products and services throughout its network of businesses across the Greater Bendigo region.

Strategy for Achieving the Objective

The Company delivers on its objective by utilising well trained knowledgeable people to nurture long term relationships with our customers through honest and positive communication. We seek to continuously evolve our professional services to support better health outcomes for customers and the broader community.

Performance Measures

The Company measures its performance in terms of the benefits it provides to its members and the community. These benefits are measured in both volume and value. Key performance indicators include sales and member growth, the number of prescriptions or alternative volume measures depending on the business, and the number of customers served through our various outlets. The Company uses other financial measures to monitor ongoing sustainability of the overall business.

Principal Activities

The principal activities of the Company during the course of the financial year were to provide pharmaceutical goods and a range of health related services to both members and non-members.

Operating Results

The profit of the company for the financial year after provision for income tax was:

	30 June 2022 (\$)	31 June 2021 (\$)	Movement
Profit for the year	201,049	146,734	37%

There has been no significant changes in the nature of these activities during the year.

Dividends

The Company's constitution precludes the payment of dividends.

Significant Changes in the State of Affairs

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Company's financial position remains sound due to our core pharmacy business being an essential service although it has been impacted by reduced foot traffic in-store and additional costs associated with providing services in the current environment. The Company has determined that these events have not required any specific adjustments within the financial report.

Matters Subsequent to the End of the Financial Year

The Company's CEO gave notice in June 2022 and resigned effective August 2022. An interim CEO was appointed for the period August to December 2022. The permanent CEO has now been appointed and will commence on 12 December 2022.

Environmental Regulation

The Company is not subject to any significant environmental regulation.

Indemnification and Insurance of Directors and Officers

The Company has indemnified its Officers and Directors in relation to any liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of officer or director of the Company, other than involving willful breach of duty in relation to the Company.

The Company has not provided any indemnities or paid insurance, during or since the end of the financial year for the auditor of the Company or a related body corporate.

Contribution in Winding Up

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$0.50 each towards meeting any outstanding obligations of the entity. At 30 June 2022, the total amount that members of the entity that are liable to contribute if the entity is wound up is 11,569 (2021: 10,654).

Auditors' Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.307C of the Corporations Act 2001 is included at page 16 of this financial report and forms part of this Director's Report.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Nicole Cox

Chair



Paul Kirkpatrick

Deputy Chair

Dated this 9th day of November, 2022.

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www.rsdaudit.com.au

Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Central Victoria United Friendly Societies Pharmacies Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

A handwritten signature in black ink, appearing to read 'P. P. Delahunty', is enclosed within a thin black rectangular border.

P. P. Delahunty
Partner

41A Breen Street
Bendigo VIC 3550
Dated: 14 November 2022

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 85 619 186 908

Liability limited by a scheme approved under Professional Standards Legislation



FINANCIAL STATEMENTS

Central Victorian United Friendly Society Ltd

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2022

		2022	2021
	Notes	\$	\$
Revenue			
Revenue from Operating Activities	2	2,386,472	1,875,111
		2,386,472	1,875,111
Expenses			
General Administration Expenses		(29,983)	(36,141)
Services Fees		(2,155,440)	(1,692,236)
		(2,185,423)	(1,728,377)
Net Profit before Income Tax		201,049	146,734
Income Tax	3	-	-
Net Profit After Income Tax		201,049	146,374
Total Comprehensive Profit		201,049	146,734

The above statement should be read in conjunction with the accompanying notes.



Central Victorian United Friendly Society Ltd

Balance Sheet as at 30 June 2022

		2022	2021
	Notes	\$	\$
Assets			
Current Assets			
Cash and Cash Equivalents	4	20,543	8,054
Trade and Other Receivables	5	354,940	164,304
Total Current Assets		375,483	172,358
Total Assets		375,483	172,358
Liabilities			
Current Liabilities			
Trade and Other Payables	6	23,084	21,008
Total Current Liabilities		23,084	21,008
Total Liabilities		23,084	21,008
Net Assets		352,399	151,350
MEMBERS FUNDS			
Retained Earnings		352,399	151,350
Total Equity		352,399	151,350

The above statement should be read in conjunction with the accompanying notes.

Central Victorian United Friendly Society Ltd

Statement of Changes in Equity for the year ended 30 June 2022

	2022	2021
	Retained Earnings	Total Equity
	\$	\$
Balance at 1 July 2020	4,616	4,616
Result for the Year	146,734	146,734
Balance at 30 June 2021	151,350	151,350
Balance at 1 July 2021	151,350	151,350
Result for the Year	201,049	201,049
Balance at 30 June 2022	352,399	352,399

Statement of Cash Flow for the year ended 30 June 2022

		2022	2021
	Notes	\$	\$
Cash Flows from Operating Activities			
Cash Received from Customers		2,377,077	1,913,509
Cash Paid to Suppliers		(2,169,329)	(1,879,358)
Net Cash Flows Provided by Operating Activities	8	207,748	34,151
Cash Flows from Financing Activities			
(Repayments to)/Proceeds from Related Party		(195,259)	(31,885)
Net Cash Flows used in Financing Activities		(195,259)	(31,885)
Net Increase in Cash Held		12,489	2,266
Cash at the Beginning of the Financial Year		8,054	5,788
Cash and Cash Equivalents at End of Financial Year	4	20,543	8,054



NOTES

Note 1. Financial Reporting Framework

BASIS OF PREPARATION

Statement of compliance

The special purpose financial report has been prepared in accordance with the recognition and measurement aspects of applicable Australian Accounting Standards (including the Australian Accounting Interpretations) as detailed below and to meet the requirements of the Corporations Act 2001. The requirements of the Australian

Accounting Standards do not have mandatory application to the Company in relation to the year ended 30 June 2022 as it is a not for profit, non-reporting entity.

In order for the financial report to present fairly the Company's financial performance and financial position the special purpose report has been prepared using the following standards as a minimum:

AASB 9 Financial Instruments

AASB 101 Presentation of Financial Statements

AASB 107 Statement of Cash Flows

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1031 Materiality

AASB 1048 Interpretation and Application of Standards

AASB 1054 Australian Additional Disclosures

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Coronavirus (COVID-19) pandemic and the impact on the financial statements

The COVID-19 global health pandemic has resulted in a number of directions from Government that have had some impact on the Company. Specifically, these have included work from home orders, restricting customers numbers in-store and in some cases closure of business units that are not classified essential services. The Company has been able to adapt to these directions and enacted its Business Continuity Plans successfully.

With the assistance of suppliers and customers, delivery of services impacted by restrictions has been maintained within the parameters of the directions and our workforce has adopted safe working approaches to ensure continuity of all essential services and obligations. At this time, management assesses there is no material impact to key assumptions as a result of COVID-19.

(a) Revenue

The core principle of AASB 15 Revenue from Contracts with Customers is that revenue is recognised on a basis that reflects the transfer of promised goods or

services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred.

Generally the timing of the receipt of payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

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) Membership Revenue

Consistent with the policy introduced in the 2003/2004 financial year membership revenues have been accounted for on a prepaid basis as opposed to at the time of receipt. The Company offers members alternative membership options ranging from one year to five years and therefore the outstanding balance on memberships as at the end of the financial year is recognised as prepaid revenue.

(c) Taxation

The directors have provided for income tax on items that are outside the concept of mutuality under the Australian Taxation Office guidelines.

The income tax expense (income) for the year comprises current income tax and deferred tax.

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.

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 relate 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.

(d) Goods and services

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 from 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 operating cash flows.

(e) 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 2022 was 11,569 (2021: 10,654).

(f) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts. The Company has not used any of its overdraft facility at 30 June 2022 (2021: Nil).

(g) Comparative figures

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

(h) Impairment of assets

At each reporting date, the 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. Goodwill is tested for impairment annually and whenever

there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

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.

(i) 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.

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

(j) Economic Dependency

Central Victorian United Friendly Society Ltd has entered into a service agreement with Bendigo United Friendly Societies Pharmacies Ltd for the provision of operational and inventory related services. Bendigo United Friendly Societies Pharmacies Ltd provides ongoing management and operational support, and other assistance and guidance in relation to all aspects of the Central Victorian United Friendly Society Ltd's operation, including resources in relation to:

- Store location, leasing, layout and fitout.
- Employee employment, management and rostering.
- Stock management including pricing and purchasing.
- Advertising, promotion and customer management.
- All administrative and general support required to run a pharmacy.

(k) Financial Instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost

or fair value, depending on the classification of the financial assets

Classification

On initial recognition, the Company classifies its financial assets as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

Financial liabilities

The Company measures all financial

liabilities initially at fair value less transaction costs. Subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables.

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Note 2. Revenue from Operating Activities

	2022	2021
	\$	\$
Operating Activities		
- Sales Revenue	2,374,552	1,873,556
- Memberships	11,920	1,555
	2,386,472	1,875,111
Total Revenue	2,386,472	1,875,111

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

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Note 3. Income Tax Expense

	2022	2021
	\$	\$
(a) The components of tax expense comprise		
Current Tax	-	-
Deferred Tax	-	-
Income Tax Expense	-	-
(b) The prima facie tax on profit from activities before income tax is reconciled to the income tax expenses as follows:		
Operating profit	201,049	146,734
Prima Facie Tax on Profit @ 25%, (2021: 26%)	50,262	38,151
Add Tax effect of		
- Notional Rent Expense	-	-
- Notional Interest Expense	-	-
- Other Accruals	-	-
	-	-
Less Tax Effect of:		
- Mutual Profit	17,947	14,242
- Notional Rent Income - inter-entity	-	-
- Income Accrued but not Received	-	-
- Non-taxable Government Subsidies	-	-
- Carried Forward Tax Losses Utilised	32,315	23,909
	50,262	38,151
Income Tax on Operating Profit	-	-
Tax Losses (Tax Effectuated)		
Opening Balance	144,282	168,191
Future Income Tax Benefit/(Deficit) Brought to Account	(32,315)	(23,909)
Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain. Future income tax benefit carried forward is:	111,967	144,282

Note 4. Cash Assets

	2022	2021
	\$	\$
Cash at Bank and on Hand	20,543	8,054
	20,543	8,054

Note 5. Trade and Other Receivables

	2022	2021
	\$	\$
Current		
Government - PBS Remittances Outstanding	28,678	21,314
Intra-group Loans from Related Party	282,114	86,855
GST Refund	44,148	42,117
Prepayments	-	14,018
	354,940	164,304

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Note 6. Trade & Other Payables

	2022	2021
	\$	\$
Current		
Trade Creditors	939	892
Prepaid Memberships	16,099	14,463
Other Creditors and Accruals	6,046	5,653
	23,084	21,008

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Note 7. Retained Earnings

	2022	2021
	\$	\$
Balance at the beginning of the financial year	151,350	4,616
Net Profit/(Loss) from Ordinary Activities after Income Tax	201,049	146,734
Balance at the End of the Financial Year	352,399	151,350

Note 8. Statement of Cash flows

	2022	2021
	\$	\$
Reconciliation of cash		
Cash at bank and on hand	20,543	8,054
Reconciliation of profit after tax to net cash provided by operating activities		
Net profit/(loss) from ordinary activities after income tax	201,049	146,734
Changes in asset and liabilities:		
- (Increase) / decrease in trade and other receivables	(7,319)	(5,721)
- Decrease/(Increase) in trade creditors and payables	14,018	(106,862)
Net cash flow used by operating activities	207,748	34,151

Note 9. Auditor's Remuneration

	2022	2021
	\$	\$
Amounts received or due and receivable by the auditor of the company for:		
- Auditing the Financial Accounts	5,750	5,670
	5,750	5,670

Note 10. Related Party Transactions

Related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members. The Company considers key management personnel to be the members of the Board of Management.

Transactions With Key Management Personnel & Related Parties

Bendigo United Friendly Societies Pharmacies Ltd provide all day to day operational management for Central Victorian United Friendly Society Limited which currently operates a single pharmacy in Maiden Gully. Service fees are paid to Bendigo United Friendly Societies Pharmacies Ltd which cover the provision of all support services to operate the pharmacy owned by Central Victorian United Friendly Society Limited. These include providing all employees, purchasing and other elements to conduct the business.

		2022	2021
		\$	\$
Name of Related Party	Description of Goods or Services Provided		
Bendigo United Friendly Societies Pharmacies Limited	Services Fees for the Year	2,155,440	1,692,236

As a result of the above transactions created through this service structure, inter-company balances are created which are materially settled on a monthly basis. The outstanding balances are provided below:

		2022	2021
		\$	\$
Name of Related Party	Description of Goods or Services Provided		
Bendigo United Friendly Societies Pharmacies Limited	Services Fees for the Year	(282,114)	(86,855)

Note 10. Related Party Transactions (continued)

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

Nicole Cox
Paul Kirkpatrick
Susan Clarke AM
Chris DeAraugo
Stephen Iser
Peter Leersen
Andrew Trewartha (resigned 21/10/21)

There has been no other transactions key management or related parties other than those described above.

Note 11. Events After the end of the Reporting Period

The Company's CEO gave notice in June 2022 and resigned effective 19 August 2022. An interim CEO was appointed for the period August to December 2022. The permanent CEO has now been appointed and will commence on 12 December 2022.

Note 12. Contingent Liability

The Board has been made aware that Bendigo United Friendly Societies Pharmacies may not have met award conditions for a number of employees over a period of time. It is aware that Bendigo United Friendly Societies Pharmacies has sought legal advice and is in the process of initial investigations. There is considerable uncertainty around any cost to Bendigo United Friendly Societies Pharmacies and consequently Central Victorian United Friendly Society. It is expected that this work will be completed and back payments resolved during the 2023 financial year. The flow on impact on Central Victorian United Friendly Society will be known then.

Note 13. Commitments

(a) Capital Commitments

As at the 30 June 2022 there are no capital commitments. (2021: \$nil)

Note 14. Segment Reporting

Central Victorian United Friendly Society Limited operates predominantly in one geographical area being Bendigo, Victoria within the Friendly Society Industry.

Note 15. Company Details

The registered office and principal place of business of the company is:
Central Victorian United Friendly Society Ltd
Australian Business Number: 55 087 822 286

Registered Office

Suite 2, 379 Hargreaves Street, Bendigo, VIC, 3550

Principal Place of Business

2/741 Calder Highway, Maiden Gully, VIC, 3555

Note 16. 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 management in accordance with Board approved policies.

(a) Financial Risk Management Policies

Market Risk

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

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.

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 and Adelaide Bank Limited and National Australia Bank Limited mitigates this risk significantly. The Company retains a suitable amount of cash and cash equivalents at all times to manage this risk.

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 Balance Sheet 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 Company.

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet.

The Company does not have any unrecognised financial instruments at the year end.

Note 16. Financial Risk Management (continued)

(b) Financial Instrument Composition and Maturity Analysis

Financial Instrument	Floating Interest Rate		Fixed Interest Rate		Non Interest Bearing		Weighted Average Effective Interest Rate	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 %	2021 %
Financial Assets								
Cash Assets	20,543	8,054	-	-	13,042	-	0	0
Receivables	-	-	-	-	354,940	164,304	0	0
Financial Liabilities								
Trade and Other Payables	-	-	-	-	23,084	21,008	0	0

The table provides information on the Company's maturity profile of its financial liabilities:

Repayable over:						
	1 year or less	1 to 5 years	5+ years	Total contractual cash flows	Less future interest	Carrying Amount of Liability
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2022						
Trade and Other Payables	23,084	-	-	23,084	-	23,084
	23,084	-	-	23,084	-	23,084
Year ended 30 June 2021						
Trade and Other Payables	21,008	-	-	21,008	-	21,008
	21,008	-	-	21,008	-	21,008

(c) Sensitivity Analysis

Interest Rate Risk

The Company is exposed to insignificant interest rate risk, thus no sensitivity analysis is required.

Central Victorian United Friendly Society Ltd

Directors Declaration

In accordance with a resolution of the directors of Central Victorian United Friendly Society Ltd, the directors of the entity declare that:

- a. The financial statements and notes of the company satisfy the requirements of the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards - Reduced Disclosure Requirements applicable to the entity; and
 - (ii) give a true and fair view of the financial position of the entity as at 30 June 2022 and of its performance for the year ended on that date.
- b. In the directors' opinion there are reasonable grounds to believe that the entity 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.



Nicole Cox

Chair



Paul Kirkpatrick

Deputy Chair

Dated this 9th day of November 2022.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CENTRAL VICTORIAN UNITED FRIENDLY SOCIETY LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Central Victorian United Friendly Society Limited which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion the financial report of Central Victorian Friendly Society Limited is 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 2022 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110: Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Central Victorian United Friendly Society Limited would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Basis of Accounting

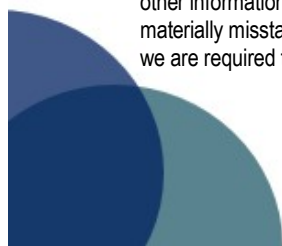
We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Contingent Liability

We draw attention to Note 12 to the financial report, which describes contingent liabilities disclosed by the entity in relation to a potentially significant backpay requirement associated with employee contracts. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditors Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Directors of the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSD Audit

Chartered Accountants

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

P. P. Delahunty

Partner

Bendigo

Dated: 14 November 2022

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