



**Central Victorian United  
Friendly Society Limited**

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**Annual Report  
2019-2020**

- Maiden Gully



## Central Victorian United Friendly Society Limited

ABN 55 087 822 268

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

Chairman: Ms Nicole Cox

Secretary: Ms Nina Aubin and Mr Michael Fleming

Telephone: (03) 5441 5590



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# Chair and Chief Executive Officer's Message.



Welcome to the Central Victorian United Friendly Society Limited 2020 (The company) Annual Report and we share with you an excellent result for the company with a surplus of \$80,000, an increase of 46% from 2018-2019 financial year. The strength of this growth is attributed to the ongoing increase in activity at our pharmacy located in the Maiden Gully community.

As we reflect and evaluate this year, a year that was impacted by the COVID-19 pandemic where our business, systems and customers were put to the test – and in many instances became stronger. Our close-knit Maiden Gully and surrounding community were incredibly supportive of local businesses as they banded together to overcome challenges.

Our team at the Maiden Gully pharmacy excelled at providing quality care to customers and members with a strong focus on building relationships and this has constantly been demonstrated through regular positive feedback.

Importantly with the surplus generated this year our net assets are now positive again as outlined last year we had expected this to take two years however it was achieved in one.



**"Committed to the health and wellbeing of the community".**

**Mr Michael Fleming  
Chief Executive Officer**



**"An excellent result for the company with a surplus, increase of 46% from 2018-2019 financial year".**

**Ms Nicole Cox  
Chair**

The company and its pharmacy remain part of the UFS Pharmacies group which operates across the greater Bendigo region. UFS Pharmacies, inclusive of the Maiden Gully pharmacy has five locations and in addition extensive services including UFS Optical and Eden Skin & Body. The diversified group is committed to the health and wellbeing of the community and going above and beyond for all customers and members.

We encourage that this Annual Report is to be read in conjunction with the Bendigo United Friendly Societies Pharmacies Limited 2020 Annual Report. The report can be located online at [www.bendigoufs.com.au/about-us/annual-reports](http://www.bendigoufs.com.au/about-us/annual-reports) or by request to Secretary, Suite 2 379 Hargreaves Street, Bendigo, VIC 3550.

# Saying thank you.



**THE LANDSCAPE CHANGED IN 2020 WITH CORONAVIRUS THAT RAPIDLY BECAME A WORLDWIDE PANDEMIC. EVERYONE'S LIVES WERE TIPPED UPSIDE DOWN OVERNIGHT. OUR BUSINESS EXPERIENCED THIS FIRSTHAND.**

**THIS IS A PUBLIC THANK YOU, TO THANK EVERY SINGLE TEAM MEMBER ACROSS THE SEVEN LOCATIONS. YOU HAVE OVERCOME CHALLENGES, ROLE CHANGES, BUSINESS UNIT TEMPORARY CLOSURE AND PANIC BUYING. AND DONE IT WITH POISE, PROFESSIONALLY AND RESPECT FOR THOSE AROUND YOU. ALL WHILE SO MUCH OF IT WAS OUT OF YOUR CONTROL.**

**Central Victorian United  
Friendly Society Limited**

Thank you



# What do we stand for?



## Our community

WE IMPROVE THE HEALTH  
AND WELLBEING OF OUR  
COMMUNITY.

**Purpose**

OUR COMMUNITY'S  
HEALTH AND WELLBEING  
DESTINATION.

**Vision**

RESPECTFUL.  
CARING.  
TRUSTWORTHY.

**Values**

WE ARE A  
NOT FOR  
PROFIT  
COMMUNITY  
ENTERPRISE

# Our Board.



**Nicole Cox**  
**Chair**

BBus(Accounting), CPA, GAICD



**Paul Kirkpatrick**  
**Deputy Chair**

JP, MBA, GAICD, BHA, BAppSc, FCHSE



**Andrew Trewartha**  
**Director**

BA(Computing)



**Peter Leerson**  
**Director**

CPA, M(Accounting), BBus, MAICD



**Susanne Clarke**  
**Director**

FAICD, ANZSoG Fellow, Grad Dip(Business),  
Grad Dip(Social Science CD)



**Stephen Iser**  
**Director**



**Chris DeAraugo**  
**Director**

Grad Dip.Bus.



**Nina Aubin**  
**Company Secretary**

Dip. Bus(Administration)



**Michael Fleming**  
**Co Company Secretary  
and CEO**

BBus(Accounting) GAICD

# 2020 Performance Summary.

	2020 \$	2019 \$
Total Revenue	1,690,786	1,442,095
General Administration Expenses	47,977	29,444
Percentage of Revenue	2.84 %	2.04 %
Service Fees	1,562,361	1,375,168
Percentage of Revenue	92.40 %	95.36 %
Profit/(Loss) Before Income Tax Expense	80,447	37,482
Percentage of Revenue	4.76 %	2.60 %

## Balance Sheet Summary

Total Current Assets	132,487	98,215
Total Non Current Assets	-	-
Total Assets	132,487	98,215
Total Current Liabilities	127,870	174,046
Total Liabilities	127,870	174,046
Net Assets	4,617	(75,831)
Total Members Funds	4,617	(75,831)



# Central Victorian UFS Ltd

## Director's Report

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

### Nicole Cox 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, and having held various executive positions across a broad spectrum of industries, Nicole is also a graduate of the Australian Institute of Company Directors, and has held numerous Board positions including Peter Harcourt, St Luke's Anglicare, St Laurence CRT and Bendigo Basketball Association. Nicole currently Chair of the Audit and Risk Advisory Committee for the Mount Alexander Shire. Nicole is a member of the People and Nominations Committee.

### Paul Kirkpatrick 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 post-graduate 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. Paul is Chair of the Opportunity and Risk Committee and People and Nominations Committee and member of the Clinical Governance Committee.

### Andrew Trewartha Director

BA(Computing)

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. Andrew is a member of the Finance and Audit Committee and Opportunity and Risk Committee. He is also working closely with management as part of the newly created UFS Technology Working Party.

### Peter Leerson Director

CPA, M(Accounting), BBus, MAICD

Peter was appointed as Chief Financial Officer of the Portable Long Service Leave Authority in April 2019 after eleven years as the General Manager, Finance and Pricing for Coliban Water. Peter has a background in business management and accounting and has extensive experience in leadership roles in both catchment management authorities and resort management in Australia. Peter was the Corporate Services Manager of the North Central Catchment Management Authority for four years prior to his appointment to Coliban Water, and was Corporate Services Manager of the Mallee Catchment Management Authority from 2001 to 2008. Prior to that Peter held management positions with Twin Water Resort, Hamilton Island and Ayers Rock Resort over a ten year period. Peter is a CPA, holds a Masters in Accounting and a Bachelor of Business. Peter is Chair of the Finance and Audit Committee and member of the Quality, Safety and Risk Committee.

### Susanne Clarke (Appointed: 25 September 2019) Director

FAICD, ANZSoG Fellow, Grad Dip(Business), Grad Dip(Social Science CD)

Susanne (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 healthcare, 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, and was the Chair of Loddon Mallee Housing t/as Haven; Home Safe, and Patron of the Community Foundation for Bendigo and Central Victoria. She is currently a Board Director with Bendigo Foodshare. Sue joined the Board of Bendigo United Friendly Societies Pharmacies Ltd in July 2019 and Central Victorian United Friendly Society Limited in September 2019 and is the Chair of the Quality, Safety and Risk Committee and a member of the Member and Community Committee.

# Central Victorian UFS Ltd

## Director's Report

### Stephen Iser Director

Stephen is the Managing Director and Board Member (4th generation) of the family business Hume and Iser Pty Ltd (Est. 1880). He has almost 50 years of experience in the retail and trade industry, commencing his career in the family business in 1972. Stephen has been a member of the National Trade and Retail Advisory Committee with the HoME Group for over 20 years and also now joined with 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 2015/16 fundraising for Very Special Kids (VSK). Stephen is a member of the Finance and Audit Committee and the Member and Community Committee.

### Chris DeAraugo Director

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 the 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. Chris is Chair of the Member and Community Committee and a member of the People and Nominations Committee.

### Company Secretary

Nina Aubin was appointed as joint Company Secretary on 27th March 2019. Nina holds a Diploma in Business Administration and Certificate in Governance Practice from the Governance Institute of Australia. Nina has extensive Board and executive level administration experience in the GP training sector and was appointed as contract Company Secretary for Bendigo Community Health Services in July 2020. Nina is also President of the Board of Directors for YWCA Hunter Region Inc, a volunteer role which provides a holistic perspective of organisational Board governance and enhances her governance experience in the not-for-profit sector.

The joint company secretary is Michael Fleming BBus(Accounting) GAICD. Appointed to the position of secretary in April 2005. He holds a Bachelor of Business (Accounting and Data Processing) from La Trobe University obtained in 1992. 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.

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# Central Victorian UFS Ltd

## Director's Report

### OBJECTIVE

Central Victorian UFS Ltd seeks to improve the health and wellbeing of our community by providing health and wellbeing, products and services throughout its Pharmacy in Maiden Gully.

### 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 society 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 AND REVIEW OF OPERATIONS

Operations have continued to perform in line with expectations with continued growth across most businesses leading to increased profitability. The profit of the company for the financial year after provision for income tax was:

Year Ended 30 June 2020	\$ 80,447
Year Ended 30 June 2019	\$ 37,482

### DIVIDENDS

The company's constitution precludes the payment of dividends.

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# Central Victorian UFS Ltd

## Director's Report

### **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 duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as any impact on the financial position and results of the Company for future periods.

### **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 wilful 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.

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## Central Victorian UFS Ltd Directors Meetings

The number of Board 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>
<b>Ms Nicole Cox</b>	4	4
<b>Mr Paul Kirkpatrick</b>	4	4
<b>Mr Chris DeAraugo</b>	4	4
<b>Mr Stephen Iser</b>	4	4
<b>Mr Peter Leersen</b>	4	4
<b>Mr Andrew Trewartha</b>	4	4
<b>Ms Sue Clarke (appointed: 25 September 2019)</b>	4	4

# 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 15.

Signed in accordance with a resolution of the Board of Directors at Suite 2, 379 Hargreaves Street, Bendigo, VIC 3550 on 16th November 2020.



.....  
**Ms Nicole Cox**  
**Chair**



.....  
**Mr Paul Kirkpatrick**  
**Deputy Chair**





41A Breen Street  
Bendigo, Victoria  
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550  
admin@rsdaudit.com.au  
www.rsdaudit.com.au

**Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Central Victorian United Friendly Society Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 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', with a large, stylized flourish at the end.

**P. P. Delahunty**  
**Partner**  
41A Breen Street  
Bendigo VIC 3550

Dated: 15 November 2020

# Central Victorian UFS Ltd

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue	2	1,690,786	1,442,095
General Administration Expenses		(47,977)	(29,445)
Service Fees	11	(1,562,361)	(1,375,168)
NET PROFIT BEFORE INCOME TAX		80,447	37,482
Income Tax Expense	3	-	-
NET PROFIT AFTER INCOME TAX		80,447	37,482
TOTAL COMPREHENSIVE INCOME		80,447	37,482

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

# Central Victorian UFS Ltd

## Balance Sheet

### as at 30 June 2020

	Notes	2020 \$	2019 \$
CURRENT ASSETS			
Cash Assets	4	5,788	32,189
Trade and Other Receivables	5	71,729	66,026
Advances	7	54,970	-
TOTAL CURRENT ASSETS		132,487	98,215
TOTAL ASSETS		132,487	98,215
CURRENT LIABILITIES			
Trade and Other Payables	6	127,870	5,637
Borrowings	7	-	168,409
TOTAL CURRENT LIABILITIES		127,870	174,046
TOTAL LIABILITIES		127,870	174,046
NET ASSETS		4,716	(75,831)
MEMBERS FUNDS			
Retained Earnings	8	4,616	(75,831)
TOTAL MEMBERS FUNDS		4,616	(75,831)

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

# Central Victorian UFS Ltd

## Statement of Changes in Equity

### for the year ended 30 June 2020

	<b>Retained Losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>2019</b>		
Balance at 1st July 2018	(113,313)	(113,313)
Total Comprehensive Income for the year	37,482	37,482
	<u>37,482</u>	<u>37,482</u>
Balance at 30th June 2019	<u>(75,831)</u>	<u>(75,831)</u>
<b>2020</b>		
Balance at 1st July 2019	(75,831)	(75,831)
Total Comprehensive Income for the year	80,447	80,447
	<u>80,447</u>	<u>80,447</u>
Balance at 30th June 2020	<u>4,616</u>	<u>4,616</u>

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

# Central Victorian UFS Ltd

## Statement of Cashflows

### for the year ended 30 June 2020

	<b>Notes</b>	<b>2020</b> \$	<b>2019</b> \$
<u>Cash flows from operating activities:</u>			
Cash received from customers		1,724,147	1,442,095
Cash paid to suppliers and employees		(1,527,169)	(1,411,364)
Net cash received/(used) in operating activities	9	196,978	30,731
<u>Cash flows from financing activities:</u>			
(Repayments to)/proceeds from related party		(223,379)	(29,762)
Net cash provided/(used) by financing activities		(223,379)	(29,762)
Net increase in cash held		(26,401)	969
Cash at the beginning of the financial year		32,189	31,220
Cash at the end of the financial year	9	5,788	32,189

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

## Central Victorian UFS Ltd

### Notes to the Financial Statements or the year ended 30 June 2020

#### **Note 1 : Statement of Accounting Policies**

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 guarantee, incorporated and domiciled in Australia.

#### **Basis of preparation**

The directors have prepared the financial statements on the basis that the entity is a non-reporting entity because there are no users who are dependent on its general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

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.

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# Central Victorian UFS Ltd

## Notes to the Financial Statements or the year ended 30 June 2020

### (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. This applies to members joining the society since the 12th May 2006 when the new Maiden Gully Pharmacy opened. The liability for unearned revenue is held by Bendigo UFS Pharmacies Ltd.

### (c) 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 or the year ended 30 June 2020

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.

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 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 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 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 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.

# Central Victorian UFS Ltd

## Notes to the Financial Statements or the year ended 30 June 2020

### **(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 of Bendigo UFS

Pharmacies Ltd and Central Victorian UFS Ltd at 30 June 2020 was 10558, (2019:11407).

### **(f) Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks.

### **(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 company 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 company 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.

# Central Victorian UFS Ltd

## Notes to the Financial Statements or the year ended 30 June 2020

### **(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) New and Amented Accounting Policies Adopted by the Company**

With the exception of the below, these financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2019. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the company's last annual financial statements for the year ended 30 June 2019 are the relevant policies for the purposes of comparatives.

The Company has adopted AASB 16: Leases. Refer to note 14(b).

### **(k) Economic Dependency**

Central Victorian UFS Ltd has entered into a service agreement with Bendigo UFS Ltd for the provision of operational and inventory related services. Bendigo UFS Ltd provides ongoing management and operational support, and other assistance and guidance in relation to all aspects of the CVUFS'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.

### **(l) 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).

# Central Victorian UFS Ltd

## Notes to the Financial Statements or the year ended 30 June 2020

### 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 and bank loans.

# Central Victorian UFS Ltd

## Notes to the Financial Statements or the year ended 30 June 2020

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Note 2 : Revenue</b>		
Operating activities		
Sales Revenue	1,682,983	1,429,181
Memberships	7,803	12,914
Total revenue from operating activities	<u>1,690,786</u>	<u>1,442,095</u>
Total revenue	<u>1,690,786</u>	<u>1,442,095</u>

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	2020 \$	2019 \$
<b>Note 3 : Income Tax Expense</b>		
<b>(a) The components of tax expense comprise:</b>		
Current tax		
Deferred tax	-	-
Income tax expense	-	-
	-	-
<b>(b) The prima facie tax on profit/(loss) from activities before income tax is reconciled to the income tax expenses as follows:</b>		
Operating profit	80,447	37,482
Prima facie tax on profit/(loss) @ 27.5 % (2019: 27.5 %)	22,123	10,308
Less tax effect of:		
o Carried Forward Losses Utilised	14,144	4,503
o Mutual Profit	7,979	5,805
	22,123	10,308
Income tax on operating profit	-	-
<b>Tax Losses (tax effected)</b>		
Opening balance	182,335	186,838
Tax Losses utilised	(14,144)	(4,503)
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:	168,191	182,335

As at 30 June 2020, the balance of the gross carried forward tax losses is \$557,904 (tax effected: \$167,978 ) (2019: \$610,113 gross, tax effected: \$182,335).

# Central Victorian UFS Ltd

## Notes to the Financial Statements or the year ended 30 June 2020

	2020 \$	2019 \$
<b>Note 4 : Cash Assets</b>		
Cash at bank and on hand	5,788	32,189
	<u>5,788</u>	<u>32,189</u>

### Note 5 : Trade and Other Receivables

Government - PBS Remittances Outstanding	20,216	33,809
GST refund	37,494	32,217
Prepayments	14,019	-
	<u>71,729</u>	<u>66,026</u>

### Note 6: Trade and Other Payables

Trade creditors	750	827
Accruals	124,720	4,810
Prepaid Memberships	2,400	-
	<u>127,870</u>	<u>5,637</u>

### Note 7 : Borrowings and Advances

(a) Borrowings - Current		
Intra-group Loans from related party	-	168,409
	<u>-</u>	<u>168,409</u>
(b) Advances - Current		
Intra-group Loans to related party	54,970	-
	<u>54,970</u>	<u>-</u>

Intra-group loan and advance is repayable at 90 days notice.

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# Central Victorian UFS Ltd

## Notes to the Financial Statements or the year ended 30 June 2020

	2020 \$	2019 \$
<b>Note 8 : Members Funds</b>		
Balance at the beginning of the financial year	(75,831)	(113,313)
Net profit/(loss) from ordinary activities after income tax	80,447	37,482
Balance at the end of the financial year	<u>4,617</u>	<u>(75,831)</u>

### Note 9 : Statement of cashflows

#### Reconciliation of cash

Cash at bank and on hand	5,788	32,189
	<u>5,788</u>	<u>32,189</u>

#### Reconciliation of profit after tax to net cash provided by operating activities

Net profit/(loss) from ordinary activities after income tax	80,448	37,482
Changes in assets and liabilities:		
◦ Increase in receivables	(5,703)	(9,558)
◦ Increase in trade creditors and payables	122,233	2,807
Net cashflow used by operating activities	<u>196,978</u>	<u>30,731</u>

### Note 10 : Auditor's Remuneration

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

◦ Auditing the financial accounts	4,925	7,170
◦ Other services in relation to the company	-	-
	<u>4,925</u>	<u>7,170</u>

## Central Victorian UFS Ltd

### Notes to the Financial Statements or the year ended 30 June 2020

#### Note 11 : Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. None of the transactions incorporate special terms and conditions and no guarantees were given or received.

Bendigo UFS Pharmacies Ltd provide all day to day operational management for Central Victorian UFS Ltd which currently operates a single pharmacy in Maiden Gully. Service fees are paid to Bendigo UFS Pharmacies Ltd which cover the provision of all support services to operate the pharmacy owned by Central Victorian UFS Ltd. These include providing all employees, purchasing and other elements to conduct the business. As a result of transactions created through this service structure, intercompany balances are created which are materially settled on a monthly basis. The balances are provided below:

	2020 \$	2019 \$
Service Fees for the financial year	1,562,361	1,375,168
Outstanding Balance at 30 June	(54,970)	168,409

Refer to Note 14 (c) for information relating to a general security over the assets of Central Victorian UFS Ltd as part of the loan agreement entered by Bendigo UFS Pharmacies Ltd.

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

Ms Nicole Cox  
Mr Chris DeAraugo  
Mr Stephen Iser  
Mr Paul Kirkpatrick  
Mr Peter Leersen  
Mr Andrew Trewartha  
Ms Sue Clarke (Appointed: 25 September 2019)

Directors' Remuneration		
Short term employee benefits	5,374	5,315
Post-employment benefits	600	527
Total Directors' Remuneration	5,974	5,842

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.

# Central Victorian UFS Ltd

## Notes to the Financial Statements or the year ended 30 June 2020

### Note 12 : Subsequent events

#### (a) Capital commitments

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as any impact on the financial position and results of the Company for future periods.

There are no other matters that have arisen since the end of the financial year that have significantly affected the operations of the company or its financial balances.

### Note 13 : Contingent liabilities

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

### Note 14 : Commitments and Guarantees

#### (a) Capital commitments

As at 30 June 2020, the company does not have any capital commitments (2019: None).

#### (b) Property Leases

The premises at Maiden Gully are leased by Bendigo United Friendly Society Pharmacies Ltd on behalf of Central Victorian UFS Ltd. The company pays Bendigo United Friendly Society Pharmacies Ltd through the Service Agreement between the two entities for all costs associated with the lease.

Bendigo United Friendly Society Pharmacies Ltd has recognised the lease for 741 Calder Highway in accordance with AASB 16. The annual rent due next year for 741 Calder Highway Maiden Gully is \$42,737 and there is one and a half years remaining on the current term and 4 options of 5 years available.

#### (c) Guarantees

During the 2019 financial year, Bendigo United Friendly Society Pharmacies Ltd, a related party of Central Victoria UFS Ltd, entered into a loan agreement for the purchase of the Bendigo Day and Night Pharmacy. This loan is secured over the assets of both companies, therefore Central Victorian UFS Ltd is a party to this agreement. As at 30 June 2020 and during the financial year, none of the loan covenants had been breached.

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# Central Victorian UFS Ltd

## Notes to the Financial Statements or the year ended 30 June 2020

### **Note 15 : Registered office/Principal place of business**

The registered office and principal place of business is:

#### **Registered office**

Suite 2,379 Hargreaves Street, Bendigo, VIC 3550

#### **Principal place of business**

2/741 Calder Highway, Maiden Gully, 3555

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**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 the Board of Directors.

**(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.

**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 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 economic entity.

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# Central Victorian UFS Ltd

## Notes to the Financial Statements or the year ended 30 June 2020

### (b) Financial Instrument Composition and Maturity Analysis

<u>Financial Instrument</u>	Floating Interest Rate		Fixed Interest Rate		Non Interest Bearing		Weighted Average Effective Interest Rate	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
<b>Financial assets</b>								
Cash at Bank	5,788	32,189	-	-	-	-	0.00 %	0.84 %
Receivables	-	-	-	-	71,729	66,026	-	-
Related Party Advances	-	-	-	-	54,970	-	-	-
<b>Financial liabilities</b>								
Trade and Other Payables	-	-	-	-	127,870	5,637	-	-
Related Party Loans	-	-	-	-	-	168,409	-	-

### Maturity Analysis

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

<u>Financial Instrument</u>	Repayable over:			Total contractual cash flows	Less future interest	Carrying amount of liability
	1 year or less	1 to 5 years	5+ years			
	\$	\$	\$	\$	\$	\$
<b>Year Ended 30 June 2020</b>						
Trade and other payables	127,870	-	-	127,870	-	127,870
	<b>127,870</b>	-	-	<b>127,870</b>	-	<b>127,870</b>
<b>Year Ended 30 June 2019</b>						
Trade and other payables	5,637	-	-	5,637	-	5,637
Borrowings	168,409	-	-	168,409	-	168,409
	<b>174,046</b>	-	-	<b>168,409</b>	-	<b>174,046</b>

The borrowings do not have a set maturity date, therefore are included as repayable within one year.

### (c) Sensitivity Analysis

#### Interest Rate Risk

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



## Central Victorian UFS Ltd Directors Declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

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

- (1) The financial statements and notes, as set out on pages 15 to 34 are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standards applicable to the company; and
  - b. give a true and fair view of the financial position as at 30 June 2020 and of the performance of the company for the year ended on that date in accordance with the accounting policies described in Note 1 of the financial statements.
  
- (2). In the directors' opinion 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.



.....

**Ms Nicole Cox**  
**Chair**

**Signed: 16th November 2020**



.....

**Mr Paul Kirkpatrick**  
**Deputy Chair**

**Signed: 16th November 2020**

**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 balance sheet as at 30 June 2020, 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 United 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 2020 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.

**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 2020, 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', written over a light blue horizontal line.

**P. P. Delahunty**

Partner

Bendigo

Dated: 17 November 2020

