



# Central Victorian United Friendly Society Limited

## 2019 Annual Report



**Central Victorian United Friendly Society Limited.**

*ABN 55 087 822 268*

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

**Chairman:** Ms Nicole Cox

**Secretary:** Ms Nina Aubin  
Mr Michael Fleming

**Telephone:** (03) 5441 5590

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## Chair's and Company Secretary's Report

The company generated a profit in excess of \$37,000 for the financial year ending 30th June 2019 which was a positive improvement on the previous year's loss. This improvement was achieved through continued sales growth tracking at 7.6% year on year, and tight cost control. The aim is to return the company to a positive net asset position within two years.

The company and its pharmacy are part of the broader UFS Pharmacies group which operates across the Bendigo region with five pharmacies in total plus an Optical Store and Eden Day Spa. The group performed well during the year adding its fifth pharmacy, growing sales by 13% and creating a net surplus of \$543,000.

The Maiden Gully Pharmacy is an important part of the UFS Pharmacies group because of its location in a very vibrant and evolving community that will sustain the future growth of the pharmacy and contribute to the broader group in the future.



Nicole Cox  
*Chairman*



Michael Fleming  
*Chief Executive Officer*

## 2019 Performance Summary

	2019	2018
	\$	\$
Total Revenue	1,442,095	1,340,031
General Administration Expenses	29,445	30,719
Percentage of Revenue	2.04 %	2.29 %
Service Fees	1,375,168	1,362,691
Percentage of Revenue	95.36 %	101.69 %
Profit/(Loss) Before Income Tax Expense	37,482	(53,380)
Percentage of Revenue	2.60 %	(3.98) %
<b>Balance Sheet Summary</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Total Current Assets	98,215	87,688
Total Non Current Assets	-	-
<b>Total Assets</b>	<b>98,215</b>	<b>87,688</b>
Total Current Liabilities	174,046	201,001
<b>Total Liabilities</b>	<b>174,046</b>	<b>201,001</b>
<b>Net Assets</b>	<b>(75,831)</b>	<b>(113,313)</b>
<b>Total Members Funds</b>	<b>(75,831)</b>	<b>(113,313)</b>

## Purpose

We improve the health and wellbeing of our community.

## Our vision 2017-2021

Our community's health and wellbeing destination.

## Our Values

1. Respectful
2. Caring
3. Trustworthy

## Board of Directors

Chairman

Deputy Chairman

Director

Director

Director

Director

Director

Director

Ms Nicole Cox

Mr Paul Kirkpatrick

Mr Geoff Cook (Resigned: 28 November 2018)

Mr Chris DeAraugo

Mr Stephen Iser

Ms Roslyn Wai (Resigned: 26 February 2019)

Mr Peter Leersen (Appointed: 27 May 2019)

Mr Andrew Trewartha

## Administration

Chief Executive Officer

Michael Fleming

# Central Victorian United Friendly Society Limited

## Directors' Report

Your Directors submit the financial report of the Central Victorian United Friendly Society Limited for the period ended 30 June 2019.

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

### **Geoffrey Cook** (Resigned: 28 November 2018)

Director

*MBA, Grad Dip(Mgmt), Cert(Business Studies)*

Geoff has more than 20 years experience in public health administration, including senior local government management experience across both metropolitan and regional councils. Geoff was awarded an ICMA scholarship to study customer service in the USA and also travelled to Russia and the Ukraine as part of an Australian local government party to promote community engagement in physical activity to promote healthier lifestyles and cultural understanding. Geoff successfully operated Taambejo and Gemasuro alpaca studs where he was involved in breeding, marketing and showing alpacas and training new entrants into the industry. He was Vice President of the Central Victorian Alpaca Association for 6 years and a delegate to the Australian Sheep and Wool Show. Geoff resigned from the Board at the AGM on 28th November 2018.

### **Nicole Cox**

Chair

*BBus(Accounting), CPA*

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 sits on the Audit and Risk Advisory Committee for the Mount Alexander Shire. Nicole was Deputy Board Chair until 28th November 2018 when she was appointed as Chair. Nicole is a member of the People and Nominations 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.

### **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.

**Peter Leersen** (Appointed: 27 May 2019)

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 2004. Prior to that Peter held management positions with Twin Water Resort, Hamilton Island and Ayers Rock Resort over a ten year period. Peter holds a Masters in Accounting and a Bachelor of Business. Peter is Chair of the Finance and Audit 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 two committees of the Board of Ambulance Victoria, the Community Advisory Committee and the Quality Committee. Paul is Chair of the Opportunity and Risk Committee and People and Nominations 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 project at the Epsom office of the Department of Jobs, Precincts and Regions (DJPR) where he is creating a system to manage the activities of Victoria's registered beekeepers. 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.

**Roslyn Wai** (Resigned: 26 February 2019)

Chair

*MBA, MA(Prof Communication) GradCert (Mgmt), AdvDipBusiness(Marketing), Journalist, GAICD, AGIA*

Roslyn is General Manager Corporate Strategy and Governance (Corporate Secretary) at Coliban Water in Bendigo. She has almost 30 years of experience across media, tertiary education, and water sectors in public relations, community engagement, marketing, customer service and business management and governance. She has worked in roles in both Australia and overseas. She is a full member of the Public Relations Institute of Australia and the International Association of Public Participation, an Associate of the Governance Institute of Australia and a graduate of the Australian Institute of Company Directors. Roslyn was Board Chair until 28th November 2018 and resigned from the Board on 26th February 2019.



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

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

## **Company Secretary**

Paul Kirkpatrick JP, MBA, GAICD, BAppSc, FCHSE was appointed as joint Company Secretary in April 2016. Paul is an experienced Company Secretary and former CEO of health and human services organisations. Paul maintains significant commitments to service clubs and is involved with Rotary and the Bendigo Volunteer Resource Centre. Paul ceased in the role of Company Secretary on 27th March 2019.

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 is President of the Board of Directors for YWCA Hunter Region Inc.

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 United Friendly Society Limited and provides all retail, staff and other services to the entity.

## OBJECTIVE

Central Victorian United Friendly Society Limited 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 leading to increased profitability. The profit/(loss) of the company for the financial year after provision for income tax was:

Year Ended 30 June 2019	Year Ended 30 June 2018
\$	\$
37,482	(53,380)

## DIVIDENDS

The company's constitution precludes the payment of dividends.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the 2019 financial year, Bendigo UFS Pharmacies Ltd purchased the Bendigo Day and Night Pharmacy. This purchase was funded through new loans secured over the assets of both Bendigo UFS Pharmacies Ltd and Central Victorian United Friendly Society Limited.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no matters that have arisen since the end of the financial year that have significantly affected the operations of the company, in future years.

## 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.

## DIRECTORS MEETINGS

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

	Number of Board Meetings eligible to attend	Number attended
Mr Geoff Cook (Resigned: 28 November 2018)	2	2
Ms Nicole Cox	5	5
Mr Chris DeAraugo	5	5
Mr Stephen Iser	5	5
Mr Paul Kirkpatrick	5	5
Mr Peter Leersen (Appointed: 27 May 2019)	1	1
Mr Andrew Trewartha	5	5
Ms Roslyn Wai (Resigned: 26 February 2019)	3	3

## NON AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. In the 2018 year, the auditor was Andrew Frewin Stewart, and they provided non-audit services as set out in the 2018 column of note 14. In 2019 the audit was undertaken by RSD Audit. No non-audit services were provided by RSD Audit.

The board of directors has considered the position, in accordance with the advice received from the Finance and Audit committee and is satisfied that the provision of the non-audit services in the financial year ended 30th June 2018, was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor for the financial year ended 30th June 2018, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were reviewed by the Finance and Audit Committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

# Auditors Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

Signed in accordance with a resolution of the Board of Directors at Suite 2, 379 Hargreaves Street, Bendigo on 11<sup>th</sup> November 2019.



Ms Nicole Cox  
*Chair*



Mr Paul Kirkpatrick  
*Deputy Chair*

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 2019 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 stylized flourish at the end.

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

Dated: 13 November 2019

# Central Victorian United Friendly Society Limited

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June 2019

		2019	2018
	Notes	\$	\$
Revenue	2	1,442,095	1,340,031
General Administration Expenses		(29,445)	(30,720)
Service Fees	11	(1,375,168)	(1,362,691)
<b>NET PROFIT BEFORE INCOME TAX</b>		<b>37,482</b>	<b>(53,380)</b>
Income Tax Expense	3	-	-
<b>NET PROFIT/(LOSS) AFTER INCOME TAX</b>		<b>37,482</b>	<b>(53,380)</b>
<b>TOTAL COMPREHENSIVE PROFIT</b>		<b>37,482</b>	<b>(53,380)</b>

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

# Central Victorian United Friendly Society Limited

## Balance Sheet as at 30 June 2019

		2019	2018
	Notes	\$	\$
CURRENT ASSETS			
Cash Assets	4	32,189	31,220
Trade and Other Receivables	5	66,026	56,468
<b>TOTAL CURRENT ASSETS</b>		<b>98,215</b>	<b>87,688</b>
<b>TOTAL ASSETS</b>		<b>98,215</b>	<b>87,688</b>
CURRENT LIABILITIES			
Trade and Other Payables	6	5,637	2,830
Borrowings	7	168,409	198,171
<b>TOTAL CURRENT LIABILITIES</b>		<b>174,046</b>	<b>201,001</b>
<b>TOTAL LIABILITIES</b>		<b>174,046</b>	<b>201,001</b>
<b>NET ASSETS</b>		<b>(75,831)</b>	<b>(113,313)</b>
MEMBERS FUNDS			
Retained Earnings	8	(75,831)	(113,313)
<b>TOTAL MEMBERS FUNDS</b>		<b>(75,831)</b>	<b>(113,313)</b>

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



# Central Victorian United Friendly Society Limited

## Statement of Changes in Equity for the year ended 30th June 2019

<b>2018</b>		
	<b>Retained Losses</b>	<b>Total</b>
	\$	\$
Balance at 1st July 2017	(59,933)	(59,933)
Total Comprehensive Income for the year	(53,380)	(53,380)
	<b>(53,380)</b>	<b>(53,380)</b>
Balance at 30th June 2018	<b>(113,313)</b>	<b>(113,313)</b>
<b>2019</b>		
	<b>Retained Losses</b>	<b>Total</b>
	\$	\$
Balance at 1st July 2018	(113,313)	(113,313)
Total Comprehensive Income for the year	37,482	37,482
	<b>37,482</b>	<b>37,482</b>
Balance at 30th June 2019	<b>(75,831)</b>	<b>(75,831)</b>

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

# Central Victorian United Friendly Society Limited

## Statement of Cashflows for the year ended 30th June 2019

		2019	2018
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers		1,474,055	1,340,031
Cash paid to suppliers and employees		(1,443,324)	(1,422,929)
Net cash received/(used) in operating activities	9	<b>30,731</b>	<b>(82,898)</b>
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Repayments of)/proceeds from related party		(29,762)	111,822
Net cash provided/(used) by financing activities		(29,762)	111,822
Net increase in cash held		<b>969</b>	<b>28,925</b>
Cash at the beginning of the financial year		31,220	2,295
Cash at the end of the financial year	9	<b>32,189</b>	<b>31,220</b>

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

# Central Victorian United Friendly Society Limited

## Notes to the Financial Statements for the year ended 30th June 2019

### 1. Statement of Accounting Policies

The financial report covers the economic entity of Central Victorian United Friendly Society Limited as an individual economic entity. Central Victorian United Friendly Society Limited 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.

#### **GOING CONCERN**

As at 30 June 2019, the company had a net asset deficiency of \$75,831 (2018: \$113,313). The company also has a net working capital deficiency, with current liabilities of \$174,046 (2018: \$201,001) greater than current assets of \$98,215 (2018: \$87,688). These factors may cast doubt on the company's ability to continue as a going concern.

For the year ended 30 June 2019, the company made profit after tax of \$37,482 (2018: (\$53,380)). Furthermore, the company had positive cash inflows from operations of \$30,731 (2018: (\$82,898)).

The net working capital deficiency has been driven by an intra-group loan balance of \$168,409 (2018: \$198,171) remaining payable at 30 June 2019 to a related party, Bendigo United Friendly Societies Pharmacies Ltd. The loan is payable at 90 days' notice on request by Bendigo United Friendly Societies Pharmacies Ltd and there is no indication that the loan repayment will be requested as at 30th June 2019. Bendigo United Friendly Societies Pharmacies Ltd has confirmed it will continue to support Central Victorian United Friendly Society Limited throughout 2020 and beyond through the provision of working capital as necessary.

After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue to operate as normal for the foreseeable future.

#### **(a) Revenue**

Sales revenue, interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST).

#### **(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.

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 company 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 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.

## **(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 United Friendly Society Limited at 30 June 2019 was 11407, (2018:11055).

## **(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.

## **(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 Accounting Standards for application in future periods.**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements of the company when adopted in future periods, are discussed below:

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019). When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- » recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);

- » depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- » variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- » by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- » additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors anticipate that the adoption of AASB 16 will impact the company's financial statements. The company, as at 30 June 2019, has Non-cancellable property lease commitments (refer note 18) amounting to \$11,000. These will, in future years, be disclosed as assets and liabilities on the balance sheet, with each amortised over the terms of the leases.

- AASB 15: Revenue from Contracts with Customers (December 2014) and associated amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018). Early application is permitted.

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- » Step 1: Identify the contract(s) with a customer
- » Step 2: Identify the performance obligations in the contract
- » Step 3: Determine the transaction price
- » Step 4: Allocate the transaction price to the performance obligations in the contract
- » Step 5: Recognise revenue when (or as) the company satisfies a performance obligation

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The directors anticipate that the adoption of AASB 15 is unlikely to impact on the company's financial results and position.

### **(k) New and Amended standards adopted by the company**

The company has adopted all the new (AASB9 Financial Instruments) and amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the company's financial statements for the current reporting period.

None of the new standards or amendments had a significant impact on the company.

2019  
\$

2018  
\$

## 2. Revenue

	2019 \$	2018 \$
OPERATING ACTIVITIES		
Sales revenue	1,429,181	1,327,118
Memberships	12,914	12,913
Total revenue from non-operating activities	<b>1,442,095</b>	<b>1,340,031</b>
Total revenue from Ordinary Activities	<b>1,442,095</b>	<b>1,340,031</b>

## 3. Income Tax Expense

<b>(a) The components of tax expense comprise:</b>		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-
<b>(b) The prima facie tax on profit from activities before income tax is reconciled to the income tax expenses as follows:</b>		
Operating profit/(loss)	37,482	(53,380)
Prima facie tax on profit/(loss) @ 27.5%, (2018: 27.5%)	10,308	(14,679)
Add tax effect of:		
- Unbooked current year tax loss	-	12,185
	-	12,185
Less tax effect of:		
- Carried Forward Losses utilised	4,503	-
- Mutual Profit	5,805	(2,494)
	<b>10,308</b>	<b>(2,494)</b>
Income tax on operating profit	-	-
<b>Tax Losses (tax effected)</b>		
Opening balance	186,838	174,653
Future income tax benefit/(deficit) not brought to account	-	12,185
Tax Losses utilised	(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:		
	<b>182,335</b>	<b>186,838</b>

As at 30 June 2019, the balance of the gross carried forward tax losses is \$610,113 (tax effected: \$182,335 ) (2018: \$626,486 gross, tax effected: \$186,838 ).



2019  
\$

2018  
\$

## 4. Cash Assets

Cash on hand	32,189	31,220
	<b>32,189</b>	<b>31,220</b>

## 5. Trade and Other Receivables

Government - PBS Receivable	33,809	26,114
GST refund	32,217	30,354
	<b>66,026</b>	<b>56,468</b>

## 6. Trade and Other Payables

Trade Creditors	827	0
Accruals	4,810	2,830
	<b>5,637</b>	<b>2,830</b>

## 7. Borrowings

(a) Current		
Intra-group Loans from related party	168,409	198,171
	<b>168,409</b>	<b>198,171</b>
Intra-group loan is repayable at 90 days notice		

## 8. Member Funds

Balance at the beginning of the financial year	(113,313)	(59,933)
Net profit/(loss) from ordinary activities after income tax	37,482	(53,380)
Balance at the end of the financial year	<b>(75,831)</b>	<b>(113,313)</b>

2019  
\$

2018  
\$

## 9. Statements of cashflows

<b>Reconciliation of cash</b>		
Cash at bank and on hand	32,189	31,220
	<b>32,189</b>	<b>31,220</b>
<b>Reconciliation of profit after tax to net cash provided by operating activities</b>		
Net profit/(loss) from ordinary activities after income tax	37,482	(53,380)
Changes in assets and liabilities:		
- Decrease/(Increase) in receivables	(9,558)	2,192
- Increase/(Decrease) in trade creditors and payables	2,807	(31,710)
Net cashflow provided by operating activities	<b>30,731</b>	<b>(82,898)</b>

## 10. Auditor's Remuneration

Amounts received or due and receivable by the auditor of the company for:		
- Auditing the financial accounts	7,170	4,800
- Other services in relation to the company	-	655
	<b>7,170</b>	<b>5,455</b>

## 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 United Friendly Society Limited 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 United Friendly Society Limited. 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:

Service Fees for the financial year	1,375,168	1,362,691
Outstanding Balance at 30 June	168,409	198,171

Refer to Note 14 (c) for information relating to a general security over the assets of Central Victorian United Friendly Society Limited 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:

Mr Geoff Cook (Resigned: 28 November 2018)  
 Ms Nicole Cox  
 Mr Chris DeAraugo  
 Mr Stephen Iser  
 Mr Paul Kirkpatrick  
 Mr Peter Leersen (Appointed: 27 May 2019)  
 Mr Andrew Trewartha  
 Ms Roslyn Wai (Resigned: 26 February 2019)

Directors' Remuneration		
Short term employee benefits	5,314	4,748
Post - employment benefits	527	520
Total Directors' Remuneration	<b>5,842</b>	<b>5,267</b>

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.

## 12. Subsequent events

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

## 13. Contingent liabilities

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

## 14. Commitments and Guarantees

### (a) Capital commitments

As at 30 June 2019, the company does not have any capital commitments (2018: None).

### (b) Non-cancellable operating leases

The company leases its premises under a non-cancellable operating lease with an original term of 3 years. The lease has annual CPI increases and a 2 year option to extend. On expiry, the terms of the lease is renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Within one year	10,891	43,565
Later than one year but not later than five years	-	10,891
Later than 5 years	-	-
	<b>10,891</b>	<b>54,456</b>

### (c) Guarantees

During the 2019 financial year, Bendigo United Friendly Society Pharmacies Ltd, a related party of Central Victorian United Friendly Society Limited, 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 United Friendly Society Limited is a party to this agreement. As at 30 June 2019, none of the loan covenants had been breached.

## 15. Registered office/Principal place of business

The registered office and principal place of business is:

### Registered office

Suite 2, 379 Hargreaves Street Bendigo 3552

### Principal place of business

2/741 Calder Highway Maiden Gully 3555

## 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 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.

## (b) Financial Instrument Composition and Maturity Analysis

Financial Instrument	Floating Interest Rate		Fixed Interest Rate		Non Interest Bearing		Weighted Average Effective Interest Rate	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	%	%
<b>Financial assets at amortised cost</b>								
Cash at Bank	32,189	31,220	-	-			0.01%	0.01%
Receivables					66,026	56,468		
<b>Financial Liabilities at amortised cost</b>								
Trade and Other Payables					5,637	2,830		
Related Party Loans			-	-	168,409	198,171		

## Maturity Analysis

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

	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 2019</b>						
Trade and other payables	5,637	-	-	5,637	-	5,637
Borrowings	168,409	-	-	168,409	-	168,409
	<b>174,046</b>	-	-	<b>174,046</b>	-	<b>174,046</b>
<b>Year ended 30 June 2018</b>						
Trade and other payables	2,830	-	-	2,830	-	2,830
Borrowings	198,171	-	-	198,171	-	198,171
	<b>201,001</b>	-	-	<b>201,001</b>	-	<b>201,001</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 United Friendly Society Limited

## 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 United Friendly Society Limited, the directors declare that:

**1.** The financial statements and notes, as set out on pages 14 to 28 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 2019 and of the performance of the company for the year ended on that date of the company 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*



Mr Paul Kirkpatrick  
*Deputy Chair*

Signed on the 11<sup>th</sup> November 2019



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 2019, 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 2019 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 Bendigo United Friendly Societies Pharmacies 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.

## Material Uncertainty Relating to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company as of 30 June 2019, the Company has a net asset deficiency and its current liabilities exceeded its total assets by \$75,831. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## 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 2019, 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 large, stylized flourish at the end.

P. P. Delahunty  
Partner  
Bendigo  
Dated: 13 November 2019