



ANNUAL REPORT

2022

Bendigo  UFS

Bendigo United Friendly Societies Pharmacies Ltd
ABN 51 087 822 268

Disclaimer

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

Bendigo United Friendly Societies Pharmacies Ltd

ABN 51 087 822 268

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

Chair: Nicole Cox

Secretary: Lachlan Edwards

CEO (Interim): Matt Bald

Telephone: (03) 5441 5590

Email: info@bendigoufs.com.au

Printed in Bendigo, Victoria.

UFS137. November 2022



Contents

Chair Report	4
Our team	5
Our purpose, vision and values	6
Highlights	7
Directors' Report	9
Performance Summary	14
Auditors' Independence Declaration	16
Statement of Profit or Loss and Other Comprehensive Income	18
Summary of Financial Position	19
Statement of Changes in Equity	20
Statement of Cash Flows	20
Notes to and forming part of the accounts	22
Directors' Declaration	39
Independent Auditor's Report	40

Hear from our Chair

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

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

While the operations continued to be tested, strategically, attention was focused on aligning to the organisation's 4 strategic pillars - Deliver future success through innovative design and accountable leadership; Invest well in people and our core purpose; Promote a culture of inclusion, service and respect; Partner with intent for better health and well-being.

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

Financially, it was a solid performing year for the organisation, with continued sales growth across the organisation. Resources were channelled into the areas of work force planning and systems improvement. These areas form much of the foundation work that is currently being performed and will continue into the coming year.

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

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

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

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



A handwritten signature in black ink, reading 'Nicole Cox'.

Nicole Cox
Chair, Bendigo United Friendly Societies Pharmacies Ltd

**"2021/22 was a
'pivotal' year for
Bendigo UFS."**

Our team

Executive

**Matt
Bald**

Interim Chief
Executive
Officer

**Resa
Barker**

Manager,
Operations and
Growth

**Felicity
Davidson**

Manager,
Marketing and
Communications

**Susan
Randall**

Manager,
Health and
Innovation

Business Unit Managers

**Mina
Fam**

Bridge Street
pharmacy

**Jaclyn
McAliece**

Maiden Gully
pharmacy

**Kirrilee
Miller**

View Street
pharmacy

**Jordy
Stanyer**

Strathfieldsaye
pharmacy

**Amy
Waldron**

Hargreaves Street
pharmacy

**Chris
Moyle**

UFS Optical

**Kirsty
Magee**

Eden Skin
& Body

**Meaghan
Watt**

Eden Skin
& Body



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

Our Purpose

We improve the health
and wellbeing of our
community

Our Vision

Our community's health
and wellbeing destination.

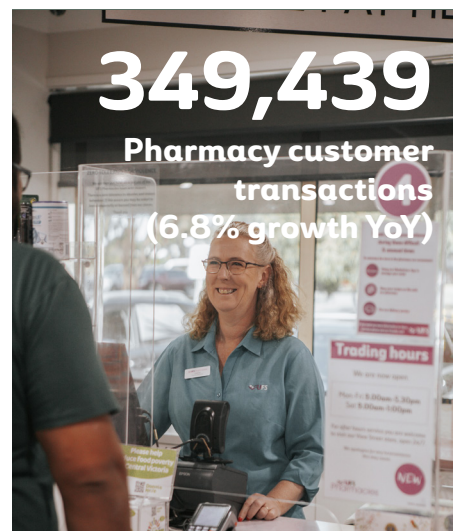
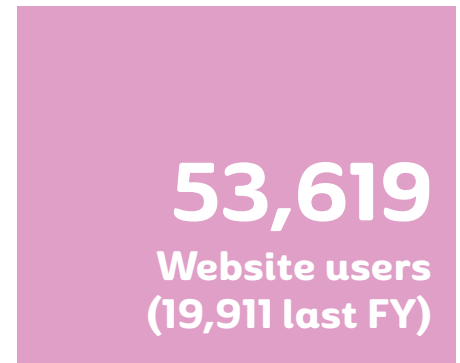
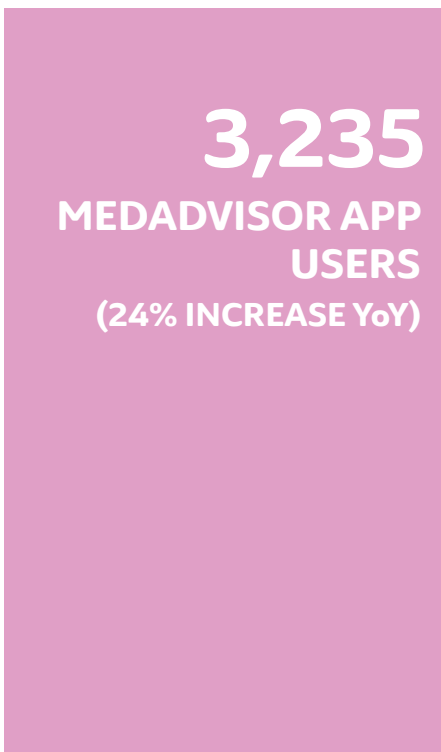
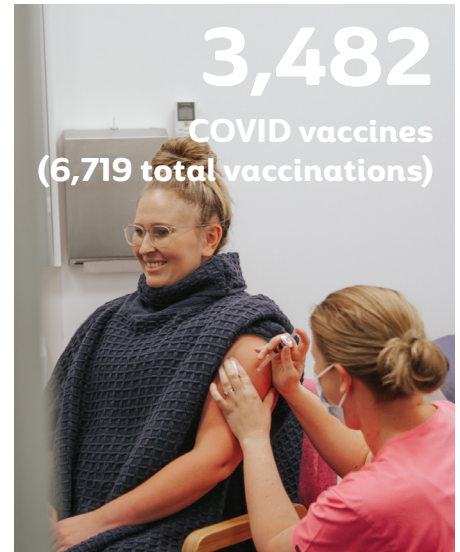
Our Values

Respectful
Caring
Trustworthy



Highlights

SERVING THE
BENDIGO
COMMUNITY
SINCE 1872





Pay Here ▼



NURSING
STATION

L'OCCITANE

← Consulting Rooms

L'OCCITANE

EXIT

**DIRECTORS'
REPORT**

DIRECTORS' REPORT

For the year ended 30 June 2022

The directors present their report, together with the financial statements, for Bendigo United Friendly Societies Pharmacies Ltd for the financial year ended 30 June 2022.



Nicole Cox



Paul Kirkpatrick

Board of Directors

The following persons were board members of Bendigo United Friendly Societies Pharmacies Ltd during the whole of the financial year up to the date of this report, unless otherwise stated:

Chair BBus (Acc), CPA, GAICD

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

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

Appointed on 6 May 2009.

Deputy Chair JP, MBA, GAICD, BHA, BAppSc, FCHSE

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

Paul's director's experience ranges from postgraduate medical education, community energy to consulting.

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

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

Appointed on 27 September 2017.

DIRECTORS' REPORT



Sue Clarke AM

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

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

She has a strong interest and experience in clinical governance and consumer and community engagement. Sue has previously held Board Director positions with Bendigo Health, Murray PHN, Ambulance Victoria, Loddon Mallee Housing t/as Haven and Home Safe. She is currently a Board Director and Chair at Bendigo Foodshare. Sue joined the board of Bendigo United Friendly Societies Pharmacies Ltd in July 2019.

Appointed on 31 July 2019.



Chris DeArango

Grad Dip (Bus)

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

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

Appointed on
28 February 2018.



Stephen Iser

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

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

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

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

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

Appointed on 25 June 2013.

DIRECTORS' REPORT



Peter Leersen

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

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

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

Appointed on 27 May 2019.



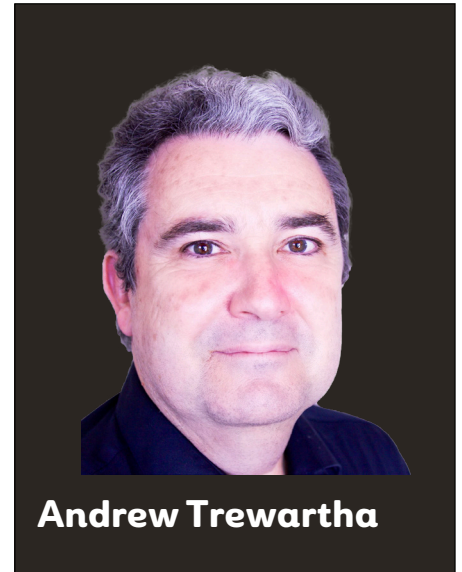
Elizabeth March

BA (Soc Sci), Grad Dip Bus

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

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

Appointed to casual vacancy 15 July 2022.



Andrew Trewartha

BA (Comp)

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

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

Resigned from the position on 24 October 2021.

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

Company Secretary



Company Secretary
LLB, BMS

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

Appointed to the position effective 26 October 2021.



Company Secretary
BBus (Acc), GAICD

Appointed to the position of secretary in April 2005. Michael previously worked for Beck Legal from 1993 to 2005 as the Practice Manager before joining Bendigo UFS Pharmacies Ltd as the Chief Executive Officer in April 2005 which is associated with Central Victorian UFS Ltd and provides all retail, staff and other services to the entity.

Resigned from the position effective 19 August 2022.

Director Meetings

Director	Board Meeting		Audit Committee	
	A	B	A	B
Nicole Cox	11	11	2	2
Paul Kirkpatrick	11	10	2	2
Susan Clarke AM	11	11	2	2
Chris DeAraugo	11	11	2	1
Stephen Iser	11	11	2	2
Peter Leersen	11	11	2	2
Andrew Trewartha (resigned 24/10/21)	3	3	0	0

A - The number of meetings eligible to attend.
B - The number of meetings attended.



Performance Summary

Objective

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

Strategy for Achieving the Objective

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

Performance Measures

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

Principal Activities

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

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

Operating Result

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

	30 June 2022 (\$)	31 June 2021 (\$)	Movement
Profit for the year	205,413	1,089,592	-81%

The primary reason for the decrease in profit between the two years is that the prior year benefited from the Federal Government's Job Keeper program worth \$800,000 (Note 2).

Dividends

The company's constitution precludes the payment of dividends

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

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

Environmental Regulation

The company is not subject to any significant environmental regulation.

Indemnification and Insurance of Directors and Officers

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

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

Contribution in Winding Up

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

Auditor's Independence Declaration

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

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



Nicole Cox

Chair



Paul Kirkpatrick

Deputy Chair

Dated this 9th day of November, 2022.

The remainder of this page is intentionally blank.



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 Bendigo United Friendly Societies Pharmacies Limited

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

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

RSD Audit

P. P. Delahunty

Partner

41A Breen Street

Bendigo VIC 3550

Dated: 14 November 2022

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 85 619 186 908
Liability limited by a scheme approved under Professional Standards Legislation



**FINANCIAL
STATEMENTS**

Bendigo United Friendly Societies Pharmacies Ltd

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2022

		2022	2021
	Notes	\$	\$
Revenue			
Revenue from Operating Activities	2	24,479,772	23,299,794
		24,479,772	23,299,794
Expenses			
Cost of Goods Sold	3	(15,645,039)	(14,272,834)
Salaries and Employee Benefits Expense		(6,228,454)	(5,545,196)
Occupancy and Associated Costs		(454,196)	(446,704)
Depreciation and Amortisation Expense	3	(640,495)	(661,551)
Borrowing Costs	3	(76,603)	(151,169)
General Administration Expenses		(1,229,572)	(1,132,748)
NET PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS		205,413	1,089,592
NET PROFIT BEFORE INCOME TAX		205,413	1,089,592
Income Tax	4	-	-
NET PROFIT AFTER INCOME TAX		205,413	1,089,592
TOTAL COMPREHENSIVE PROFIT		205,413	1,089,592

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



Bendigo United Friendly Societies Pharmacies Ltd

Statement of Financial Position as at 30 June 2022

		2022	2021
	Notes	\$	\$
Assets			
Current Assets			
Cash Assets	5	1,482,501	682,538
Trade and Other Receivables	6	544,913	553,831
Inventories	7	1,757,453	1,578,080
Total Current assets		3,784,867	2,814,449
Non-current assets			
Property, Plant and Equipment	8	4,798,542	5,292,137
Intangibles	9	4,269,709	4,266,142
Total Non-current Assets		9,068,251	9,558,279
Total Assets		12,853,118	12,372,728
Liabilities			
Current Liabilities			
Trade and Other Payables	10	2,532,327	2,016,544
Borrowings	11	334,575	365,444
Provisions	12	811,070	756,832
Total Current Liabilities		3,677,972	3,138,820
Non-current Liabilities			
Borrowings	11	2,200,710	2,463,342
Provisions	12	79,794	81,337
Total Non-current Liabilities		2,280,504	2,544,679
Total Liabilities		5,958,476	5,683,499
Net Assets		6,894,642	6,689,229
MEMBERS FUNDS			
Retained Earnings	13	6,894,642	6,689,229
Total Equity		6,894,642	6,689,229

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

Bendigo United Friendly Societies Pharmacies Ltd

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

	2022	2021
	Retained Earnings	Total Equity
	\$	\$
Balance at 1 July 2020	5,599,637	5,599,637
Result for the Year	1,089,592	1,089,592
Balance at 30 June 2021	6,689,229	6,689,229
Balance at 1 July 2021	6,689,229	6,689,229
Result for the Year	205,413	205,413
Balance at 30 June 2022	6,894,642	6,894,642

Statement of Cash Flows for the year ended 30 June 2022

		2022	2021
	Notes	\$	\$
Cash Flows from Operating Activities			
Cash Received from Customers		24,575,546	23,891,538
Cash Paid to Suppliers and Employees		(23,604,417)	(21,628,465)
Interest Paid		(3,496)	(71,019)
Net Cash Flows Provided by Operating Activities	14	967,633	2,192,054
Cash flows from Investing Activities			
Purchase for Property, Plant and Equipment		(108,902)	(68,216)
Purchase of Intangibles		(10,450)	-
Net Cash Flows used in Investing Activities		(119,352)	(68,216)
Cash Flows from Financing Activities			
Net Repayment of Borrowings		(48,318)	(1,663,746)
Net Cash Flows used in Financing Activities		(48,318)	(1,663,746)
Net Increase in Cash Held		799,963	460,092
Cash at the Beginning of the Financial Year		682,538	222,446
Cash and Cash Equivalents at End of Financial Year	5	1,482,501	682,538



NOTES

Note 1. Financial Reporting Framework

BASIS OF PREPARATION

Statement of Compliance

The special purpose financial report has been prepared in accordance with the recognition and measurement aspects of applicable Australian Accounting Standards (including the Australian Accounting Interpretations) as detailed below and to meet the requirements of the Corporations Act 2001. The requirements of the Australian Accounting Standards do not have mandatory application to the company in relation to the year ended 30 June 2022 as it is a not for profit, non-reporting entity.

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

AASB 9 Financial Instruments

AASB 101 Presentation of Financial Statements

AASB 107 Statement of Cash Flows

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1031 Materiality

AASB 1048 Interpretation and Application of Standards

AASB 1054 Australian Additional Disclosures

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

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

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

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

(a) Revenue

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

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

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

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

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

(b) Membership Revenue

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

(c) Taxation

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

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

Current tax

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

Deferred tax

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

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

Deferred tax assets and liabilities are measured at the tax rates

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

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

Current and deferred tax for the period

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

(d) Goods and Services

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

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

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

included in the statement of cash flows on a gross basis.

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

(e) Members' Guarantee

The company is limited by guarantee. If the company is wound up, the Constitution states that each member would be required to pay \$0.50. The number of members at 30 June 2022 was 11,569 (2021: 10,654).

(f) Cash

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

(g) Comparative Figures

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

(h) Inventories

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

(i) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value

attributed to its net assets at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

(j) Property, Plant and Equipment

Plant and equipment, land, buildings and Right of Use assets (lease properties) are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

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

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

- leasehold improvements
5 - 40 years
- plant and equipment
2.5 - 40 years
- furniture and fittings
4 - 40 years
- Right of Use assets - property
3 - 10 years

(k) Impairment of Assets

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset

(cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) 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.

(m) Borrowings

All loans are measured at the amortised cost. Interest is recognised as an expense as it accrues.

(n) Employee Benefits

Annual leave

Liabilities for annual leave expected to be settled within 12 months of the reporting date are recognised in the employee benefit liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, at their nominal values. Employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity, in respect of services rendered by employees up to the reporting date. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as

a current liability unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Provisions made for unconditional long service leave are classified as a current liability, where the employee has a present entitlement to the benefit. The non-current liability represents long service leave entitlements accrued for employees with less than 7 years of continuous service.

Superannuation

The amount charged to the Statement of Profit or Loss and Other Comprehensive Income in respect of superannuation represents the contributions made by the company to the superannuation plan in respect to the current services of its staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

Employee Benefit On-Costs

Employee benefit on-costs, including worker's compensation are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(o) Provisions

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

(p) Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(i) Impairment - general

The Company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Impairment - Doubtful debts provision

The directors have reviewed the accounts receivables and have made an assessment that they are impaired as at 30 June for approximately \$44,013 2022 (2021:Nil).

(ii) Estimation of asset useful lives

Key assumptions on historical experience and the condition of the asset.

(ii) Long service leave

Key assumptions on attrition rate of staff and expected pay increases through promotion and inflation.

(q) Financial Instruments

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

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

Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

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

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

Amortised cost

Assets measured at amortised cost are financial assets where:

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

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Impairment of financial assets

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

Trade receivables

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

Financial liabilities

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

The financial liabilities of the Company comprise trade payables and bank loans.

(r) Leases

At inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the company where the company is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets (less than \$10,000) are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The

lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- lease payments under extension options if lessee is reasonably certain to exercise the options
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses. Right of Use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The remainder of this page is intentionally blank.

Note 2. Revenue from Operating Activities

	2022	2021
	\$	\$
Operating Activities		
- Sales Revenue	21,287,446	19,723,909
- Service Fees from Related Entity	2,155,441	1,692,236
- Supercare Clinic (Victoria State Government Funding)	895,000	895,000
- Memberships	123,199	153,652
	24,461,086	22,464,797
Non Operating Activities		
- Job Keeper and Cash Boost	-	800,000
- Rent Revenue	12,869	29,071
- Sundry Income	5,817	5,926
	18,686	834,997
Total Revenue	24,479,772	23,299,794

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

Note 3. Expenses

	2022	2021
	\$	\$
Cost of Goods Sold	15,645,039	14,273,314
Depreciation and amortisation of non-current assets		
- Buildings	185,282	190,788
- Plant and Equipment	121,497	139,313
- Right of Use Assets	326,834	320,134
- Intangible Assets	6,882	11,316
	640,495	661,551
Borrowing Expenses		
- Interest Paid	3,496	71,019
- Interest Recognised on Right of Use Assets	73,107	80,150
	76,603	151,169
Bad Debts	-	8,396

Note 4. Income Tax Expense

	2022	2021
	\$	\$
(a) The Components of Tax Expense Comprise		
Current Tax	-	-
Deferred Tax	-	-
Income Tax Expense	-	-
(b) The prima facie tax on profit from activities before income tax is reconciled to the income tax expenses as follows:		
Operating profit	205,413	1,089,592
Prima Facie Tax on Profit @ 25%, (2021: 26%)	51,353	283,294
Add tax effect of		
- Movement in Provision for Long Service Leave	(1,233)	(1,898)
- Movement in Provision for Annual Leave	7,573	2,521
- Notional Rent Expense	19,141	19,162
- Notional Interest Expense	11,679	13,254
- Depreciation on Right of Use Assets	52,211	52,938
- Non-deductible Entertainment	2,150	893
- Wage Accruals	893	5,981
- Other Accruals	6,774	13,891
	99,188	106,742
Less Tax Effect of:		
- Mutual Profit	26,545	48,908
- Notional Rent Income - inter-entity	29,955	30,129
- Rent Offset (Right of Use)	55,817	56,597
- Non-taxable Government Subsidies	-	13,000
- Additional Building Capital Allowances	-	4,018
- Carried Forward Tax Losses Utilised	38,224	237,384
	150,541	390,036
Income Tax on Operating Profit	-	-
Tax Losses (tax effected)		
Opening Balance	215,061	452,445
Future Income Tax Benefit/(deficit) Brought to Account	(38,224)	(237,384)
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:	176,837	215,061

As at 30 June 2022, the balance of the gross carried forward tax losses is \$341,027 (tax effected: \$176,837), (2021: \$493,927 gross, tax effected: \$215,061).

Note 5. Cash Assets

	2022	2021
	\$	\$
Cash on Hand	13,042	13,642
Cash at Bank	1,469,459	668,896
	1,482,501	682,538

Note 6. Trade and Other Receivables

	2022	2021
	\$	\$
Current		
Trade Debtors	289,186	343,694
Provision for Doubtful Debts	(44,013)	-
Government - PBS Remittances Outstanding	280,841	195,388
Prepayments	18,899	101,604
	544,913	640,686

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

Note 7. Inventories

	2022	2021
	\$	\$
Finished Goods	1,757,454	1,578,080

Note 8. Property, Plant and Equipment

(a) Carrying Amounts

2022				2021		
	At Cost/Valuation	Accumulated Depreciation	Written Down Value	At Cost/Valuation	Accumulated Depreciation	Written Down Value
Plant and Equipment	1,539,293	(1,085,947)	453,346	2,083,769	(1,593,363)	490,406
Buildings	3,734,832	(2,074,549)	1,660,283	4,045,985	(2,224,885)	1,821,100
Right of Use Assets-Property	3,262,293	(958,324)	2,303,969	3,231,176	(631,489)	2,599,687
Land	380,944	-	380,944	380,944	-	380,944
	8,917,362	(4,118,821)	4,798,542	9,741,874	(4,449,737)	5,292,137

(b) Movements in Carrying Amounts

2022					
	Plant and Equipment \$	Buildings \$	Right of Use Assets \$	Land \$	Total \$
Opening Carrying Value	490,406	1,821,100	2,599,687	380,944	5,292,137
Additions	84,437	24,465	31,116	-	140,018
Disposals (Written down value)	-	-	-	-	-
Depreciation Expense	(121,497)	(185,282)	(326,834)	-	(633,613)
Closing Carrying Value	453,346	1,660,283	2,303,969	380,944	4,798,542

2021					
	Plant and Equipment \$	Buildings \$	Right of Use Assets \$	Land \$	Total \$
Opening Carrying Value	593,936	1,979,455	2,873,147	380,944	5,827,482
Additions	35,783	32,433	46,673	-	114,889
Depreciation Expense	(139,313)	(190,788)	(320,133)	-	(650,234)
Closing Carrying Value	490,406	1,821,100	2,599,687	380,944	5,292,137

Note 8. Property, Plant and Equipment (continued)

(c) Capital Expenditure Commitments

The entity does not have any capital expenditure commitments as at 30 June 2022 (2021: None).

(d) Changes in Estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

Note 9. Intangible Assets

	2022	2021
	\$	\$
Goodwill at Fair Value	4,254,104	4,254,104
Other Intangibles		
At cost	25,217	64,597
Less Accumulated Amortisation	(9,612)	(52,559)
	15,605	12,038
Total Intangibles	4,269,709	4,266,142
Movements in Carrying Amounts		
Goodwill		
Carrying Amount at the Start of the Year	4,254,104	4,254,104
Additions	-	-
Carrying Amount at the End of the Year	4,254,104	4,254,104
Other Intangibles		
Carrying Amount at the Start of the Year	12,038	23,355
Additions	10,450	-
Disposals (Written Down Value)	-	-
Depreciation Expense	(6,883)	(11,317)
Carrying Amount at the End of the Year	15,605	12,038

Note 10. Trade & Other Payables

	2022	2021
	\$	\$
Current		
Trade Creditors	1,622,819	1,405,437
Prepaid Memberships	145,550	146,190
Loan - Inter-Company	282,114	86,855
Other Creditors and Accruals	481,844	464,917
	2,532,327	2,103,399

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

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Note 11. Borrowings

	2022	2021
	\$	\$
Current		
Bank Loans	36,095	77,691
Lease Liabilities	287,929	274,209
Credit Cards	10,551	13,544
	334,575	365,444
Non-Current		
Bank Loans	15,129	10,745
Lease liabilities	2,185,581	2,452,597
	2,200,710	2,463,342

The company has a bank overdraft facility for its working account and at the end of the financial year ended 30th June 2022 it was in credit. The bank loans and overdraft are secured by a first debenture charge from Bendigo United Friendly Societies Pharmacies Ltd, Central Victorian United Friendly Society Ltd and the property held at View Street, Bendigo.

Leases are for fittings and, are secured by the underlying asset with fixed interest rates between 3.8% and 7.2%. The repayment terms are between 3 and 5 years. In addition, property lease liabilities are recognised in accordance with AASB16 - Leases, refer note 1(r).

At the end of the financial year, and during the year the company has not been in breach of any of its loan covenants.

Note 12. Provisions

	2022	2021
	\$	\$
(a) Current		
Annual Leave	491,895	431,482
Long Service Leave	319,175	325,350
	811,070	756,832
(b) Non-Current		
Long Service Leave	79,794	81,337
	890,864	838,169
Number of employees at the end of the financial year	135	119
Provision for employee benefits represents amounts accrued for annual leave and long service leave.		
Employee Attrition Rates The company uses historical employee attrition rates in determining the probability of an employee achieving continuous employment eligible for entitlement in accordance with long service leave legislation.		

Note 13. Retained Earnings

	2022	2021
	\$	\$
Balance at the Beginning of the Financial Year	6,689,229	5,599,637
Net Profit from Ordinary Activities after Income Tax	205,413	1,089,592
Balance at the End of the Financial Year	6,894,642	6,689,229

Note 14. Statement of Cash Flows

	2022	2021
	\$	\$
Reconciliation of Cash		
Cash at Bank and on Hand	1,482,501	682,538
Reconciliation of profit after tax to net cash provided by operating activities		
Net Profit/(loss) from Ordinary Activities after Income Tax	205,413	1,089,592
Non-Cash Items:		
- Depreciation	640,495	661,551
- Interest Recognised on Right of Use Assets	73,107	80,150
- Rent Notional	(349,404)	(342,258)
- Adjustment to Right of Use Liability	-	1,415
Changes in Asset and Liabilities:		
- (Increase)/Decrease in Trade and other Receivables	95,774	219,669
- (Increase)/Decrease in Inventory	(179,374)	232,502
- Decrease/(Increase) in Trade Creditors and Payables	428,927	206,529
- Decrease/(Increase) in Provisions	52,695	42,904
Net Cash Flow used by Operating Activities	967,633	2,192,054

Note 15. Auditor's Remuneration

	2022	2021
	\$	\$
Amounts received or due and receivable by the auditor of the company for:		
- Auditing the Financial Accounts	28,775	28,067

Note 16. Related Party Transactions

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

Transactions With Key Management Personnel & Related Parties

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

		2022	2021
Name of Related Party	Description of Goods or Services Provided	\$	\$
Central Victorian United Friendly Society Limited	Services Fees for the year	2,155,440	1,692,236

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

		2022	2021
Name of Related Party	Description of Goods or Services Provided	\$	\$
Central Victorian United Friendly Society Limited	Services Fees for the year	(282,114)	(86,855)

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

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

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

Note 17. Events After the end of the Reporting Period

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

Note 18. Contingent Liability

The Company is investigating whether historical award conditions have been met. Due to the complexity of the award, the time period concerned and the number of potential employees affected the Company has sought legal advice to investigate award compliance. Whilst initial investigations are being made and data compiled, there is considerable uncertainty around any cost to Bendigo UFS. The legal fees have been estimated at up to \$85,000 but includes past rectification as well ensuring future compliance. The cost to audit past wages is estimated at \$1,000 per employee. The number of effected employees is unknown, and the extent of any possible underpayment is unable to be estimated accurately. It is expected that this work will be completed and back payments resolved during the 2023 year.

Note 19. Commitments

(a) Capital Commitments

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

Note 20. Segment Reporting

Bendigo United Friendly Societies Pharmacies Ltd operates predominantly in one geographical area being Bendigo, Victoria within the Friendly Society Industry.

Note 21. Company Details

The registered office of and principal place of business of the company is:

Bendigo United Friendly Societies Pharmacies Ltd
Australian Business Number: 51 087 822 268

Registered Office

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

Principal Place of Business

379 Hargreaves Street, Bendigo 3550
209 View Street, Bendigo, 3550
40 Bridge Street, Bendigo, 3550
32 Blucher Street, Strathfieldsaye, 3551
2/741 Calder Highway, Maiden Gully 3551

Note 22. Financial Risk Management Policies

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk), 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.

(a) Financial Risk Management Policies

Market Risk

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

Price Risk

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

Liquidity Risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The Company believes that its sound relationship with Bendigo and Adelaide Bank Limited and National Australia Bank Limited mitigates this risk significantly. The company retains a suitable amount of cash and cash equivalents at all times to manage this risk.

Cash flow and fair value interest rate risk

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

Credit risk

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

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

(b) Financial Instrument Composition and Maturity Analysis

Net fair values

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

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

Financial Instrument	Floating Interest Rate		Fixed Interest Rate		Non Interest Bearing		Weighted Average Effective Interest Rate	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	%	%
Financial Assets								
Cash Assets	1,469,459	668,896	-	-	13,042	13,642	0	0
Receivables	-	-	-	-	544,913	553,831	0	0
Financial liabilities								
Trade and Other Payables	-	-	-	-	2,532,327	2,016,544	0	0
Borrowings	2,496,242	2,735,798	39,042	92,989	-	-	2.86	4.51

Maturity Analysis

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

	Repayable over:					
	1 year or less	1 to 5 years	5+ years	Total contractual cash flows	Less future interest	Carrying Amount of Liability
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2022						
Trade and Other Payables	2,523,527	-	-	2,532,327	-	2,523,327
Borrowings - Leases	352,599	1,341,935	881,461	2,575,995	(281,953)	2,294,042
Borrowings - Bank	15,500	21,771	-	37,271	(2,645)	34,626
	2,884,926	1,363,706	881,461	5,145,593	(284,598)	4,860,995
Year ended 30 June 2021						
Trade and Other Payables	2,016,544	-	-	2,016,544	-	2,016,544
Borrowings - Leases	381,188	1,482,599	1,319,244	3,183,031	(354,245)	2,828,786
Borrowings - Bank	89,153	18,700	-	107,853	(3,174)	104,679
	2,486,885	1,501,299	1,319,244	5,307,428	(357,419)	4,950,009

(c) Sensitivity Analysis

Interest Rate Risk

The organisation has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest Rate Sensitivity Analysis

At 30 June 2022 the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be insignificant as most of the company's financial liabilities are fixed rate contracts.

Bendigo United Friendly Societies Pharmacies 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 Bendigo United Friendly Societies Pharmacies Limited, the directors declare that:

- 1)** The financial statements and notes, of the Company satisfy the requirements of the Corporations Act 2001 and:
 - a.* comply with Australian Accounting Standards - Reduced Disclosure Requirements applicable to the entity; and
 - b.* give a true and fair view of the financial position of the entity as at 30 June 2022 and of its performance for the year ended on that date.
- 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 9th November 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BENDIGO UNITED FRIENDLY SOCIETIES PHARMACIES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Qualified Opinion

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

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the financial report of Bendigo United Friendly Societies Pharmacies Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

The entity holds material balances of inventory, with a recorded value of \$1,757,453 at 30 June 2022. The entity has not undertaken a full entity wide stocktake in the current year. The audit testing completed noted significant variances in the quantities of stock. Subsequent review and testing by management was consistent with our findings. To reduce the risk of Inventory overstatement, a write down provision of \$200,000 has been made. Despite this adjustment, and extending the audit testing beyond initial sample sizes, and additional review work undertaken by management, we have determined that we are unable to obtain sufficient appropriate audit evidence to establish that the carrying value of inventory is fair and accurate.

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.

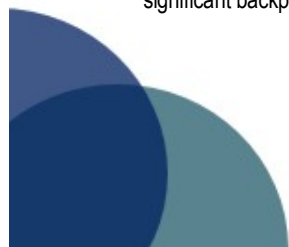
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter – Basis of Accounting

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

Emphasis of Matter – Contingent Liability

We draw attention to Note 18 to the financial report, which describes contingent liabilities disclosed by the entity in relation to a potentially significant backpay requirement associated with employee contracts. Our opinion is not modified in respect of this matter.



Information Other than the Financial Report and Auditors Report Thereon

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

Responsibilities of the Directors of the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

RSD Audit
Chartered Accountants

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

P. P. Delahunty
Partner
Bendigo
Dated: 14 November 2022

This page is intentionally left blank.

