



Central Victorian
United Friendly Societies Ltd

2016 Annual Report



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Central Victorian United Friendly Societies Ltd

ABN 55 087 822 286

Registered Office:

Suite 2, 379 Hargreaves Street
Bendigo VIC 3550

Chairman: Ms Roslyn Wai

Secretary: Mr Michael Fleming

Telephone: (03) 5441 5590

Chairman and Company Secretary's Report

Our pharmacy is located in a fast growing outer suburb of Bendigo. Development both in residential housing and infrastructure like schools, new retail and other facilities is expanding rapidly.

After a steady year in 2015, last year pharmacy sales grew strongly at 3.8% which is well above industry growth rates at present. The overall net result dropped from a small surplus last year to loss of approximately \$23,000 this year, caused by a combination of a lower gross margin and higher labour costs.

The new financial year will see the pharmacy relocated to a new site next to the Maiden Gully IGA supermarket. The new building will be significantly larger providing a modern retail pharmacy layout that will support our focus on better health outcomes for our customers. The adjacency to the supermarket will provide additional store traffic and create a stronger profile for the store.

The UFS Building a Healthier Community Program provides strong support to the local Maiden Gully Community. Some of the notable contributions during the last financial year included:

Maiden Gully Primary School	\$3,375.40
Maiden Gully Fire Brigade	\$1,486.50
Marong Primary School	\$683.80
Marong Fire Brigade	\$826.30

The program also contributes to a number of other organisations in the Maiden Gully area and we believe it is an essential part of our ethos to contribute more broadly to the community particularly where we can support health and wellbeing initiatives.

The pharmacy industry remains in a state of change as the model moves to a more service orientated focus. Our organisation is working through the change and is well placed to capitalise on the opportunities that will present themselves over the years ahead particularly at our Maiden Gully site which has a very positive future based on strong population growth in the area amongst other opportunities.



Roslyn Wai
Chairman



Michael Fleming
Company Secretary

2016 Performance Summary

	2016 (\$)	2015 (\$)
Total Revenue	1,192,025	1,148,043
Total Other Expenses	1,215,235	1,145,737
Percentage of Revenue	101.95 %	99.80 %
Profit/(Loss) Before Income Tax Expense	(23,210)	2,306
Percentage of Revenue	(1.95)%	0.20 %

Balance Sheet Summary

	2016	2015
Total Current Assets	83,433	70,854
Total Non Current Assets	53,636	59,848
Total Assets	137,069	130,702
Total Current Liabilities	65,777	36,200
Total Liabilities	65,777	36,200
Net Assets	71,292	94,502
Total Members Funds	71,292	94,502

Our Mission

Excellence in service, advice and value for our members in relation to their health and related needs.

Our Vision

To be the recognised leader for our members in providing, developing and enhancing a comprehensive range of pharmacy and health related products and services.

Our Values

We will fulfil our mission and earn the trust of our members through our professionalism in providing exceptionally caring and personalised advice and service, and through respecting and protecting the privacy of our members' health interests at all times.

Through this excellence in advice, service and value comes **member advantage**.

We take **pride** in the service we provide, the member advantage we offer and the great health outcomes that we deliver to our members, customers and community.

Membership

Our business is based upon a membership structure where our primary focus is to provide a range of products and services to our membership base which continues to grow. Members pay a membership fee which entitles them to receive discounts on our product range and access to a range of subsidised services and information.

Board of Directors

Chairman	Ms Roslyn Wai
Deputy Chairman	Ms Nicole Cox
Director	Mr Glenn Reilly
Director	Mr Geoff Cook
Director	Ms Kate Hyett
Director	Mr Andrew Trewartha
Director	Mr Stephen Iser

Administration

Chief Executive Officer	Michael Fleming
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Central Victorian UFS Pharmacies Ltd Directors' Report

Your Directors submit the financial report of the Central Victorian Friendly United Society Ltd for the period ended 30 June 2016.

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

Roslyn Wai

Chairman

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

Roslyn is General Manager Stakeholder Services at Coliban Water in Bendigo. She has 25 years of experience across media, tertiary education, and water sectors in print media, public relations, engagement, marketing, customer service and business management. She has worked in roles in both Australia and overseas.

She is a full member of the Public Relations Institute of Australia, the International Association of Public Participation and is a member of the Australian Institute of Company Directors.

Nicole Cox

Deputy Chair

BBus(Accounting), CPA

Nicole is a Director of many companies including her own business consultancy firm Segue Business Solutions. 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, and St Laurence CRT, Bendigo Basketball Association.

Nicole is currently a director of the Bendigo Spirit.

Glenn Reilly

Director

Glenn is a Manager/Director of Reilly's Home Appliances in Bendigo and has worked in the family business since 1981. He has extensive experience in the retail sector.

He has completed the Australian Institute of Company Directors course and has a strong community focus being a proud member of the Rotary Club of Bendigo.

Central Victorian UFS Ltd Directors' Report

Geoffrey Cook

Director

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

Geoff has extensive experience in local government, public health, administration, sales and business management. He is currently Director, Corporate Support Services at Bendigo Health.

Geoff has completed the Australian Institute of Company Directors Course.

Kate Hyett

Director

MHSc (Health Science), PGradDip (Health Science),BN ,RN, Grad Cert Health Systems Management, MRNCA, AFACHM, GAICD

Kate has worked in senior managerial positions in health for the past 17 years. She is currently the Director Health Informatics at Bendigo Health. She has a background in nursing and has worked in a variety of fields in metropolitan, rural and remote settings.

Kate was awarded a Victorian Trauma Foundation Fellowship and a national innovation award from ARCHI for her work developing regional trauma systems.

Kate is an Associate Fellow Australasian College of Health Service Managers, a member of the Royal Australian College of Nursing and the Health Informatics Society of Australia and a Graduate of the Australian Institute of Company Directors.

Andrew Trewartha

Director

BA(Computing)

Andrew has more than 25 years of experience in Information Technology and has recently taken up a management role with Fixus Technologies, a local software development firm that is actively involved in the Australian health sector, particular through its flagship client information management system that is used in mental health practices nationwide. 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.

Stephen Iser

Director

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

He has over 44 years of experience in the retail and trade industry where he commenced his career in the family business in 1972. Stephen is a member for over 20 years of the National Trade and Retail Advisory Committee with the HoME Group 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 recently 2015/16 fund raising for Very Special Kids (VSK)."

Central Victorian UFS Ltd Directors' Report

Directors were in office for this entire year unless otherwise stated. All Directors have a nil interest in shares in the company.

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

Company Secretary

The company secretary is Michael Fleming BBUS(Accounting) GAICD. Appointed to the position of secretary on 4 April 2005. He holds a Bachelor of Business (Accounting and Data Processing) from La Trobe University obtained in 1992. Michael previously worked for Beck Legal from 1993 to 2005 as the Practice Manager before joining Bendigo UFS Pharmacies Ltd as the Chief Executive Officer in April 2005 which is associated with Central Victorian UFS Ltd and provides all retail, staff and other services to the entity.

PRINCIPAL ACTIVITIES

The principal activities of the society during the course of the financial year were to provide pharmaceutical goods and services to both members and non-members.

OPERATING RESULTS

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year Ended 30 June 2016	Year Ended 30 June 2015
\$ 23,210	\$ 2,306

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no matters 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.

Central Victorian UFS Ltd Directors' Report

DIRECTORS' BENEFITS

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate, other than interests and benefits disclosed at Note 13.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors or Manager of the company except where the liability arises out of conduct involving a lack of good faith. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

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	4	4
Mr Andrew Trewartha	4	4
Ms Nicole Cox	4	3
Ms Kate Hyett	4	4
Mr Stephen Iser	4	3
Mr Glenn Reilly	4	4
Ms Roslyn Wai	4	4

Central Victorian UFS Ltd Directors' Report

NON AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of Directors has considered the position and satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

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

all non-audit services have been reviewed by the Audit and Risk 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 11.

Signed in accordance with a resolution of the Board of Directors at Suite 2, 379 Hargreaves Street, Bendigo on 27th October 2016.



Ms Roslyn Wai
Chairman



Ms Nicole Cox
Deputy Chairman



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Central Victorian United Friendly Societies Limited

I declare that to the best of my knowledge and belief, during the financial year ended 30 June 2016 there has been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is written over a light blue horizontal line.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 27th day of October 2016

A handwritten signature in black ink, appearing to read 'David Hutchings', is written over a light blue horizontal line.

David Hutchings
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June 2016

	Notes	2016 \$	2015 \$
Revenues	2	1,192,025	1,148,043
Depreciation and Amortisation Expense	3	(6,212)	(6,525)
General Administration Expenses		(1,209,023)	(1,139,212)
NET PROFIT BEFORE INCOME TAX		(23,210)	2,306
Income Tax Expense	4	-	-
NET PROFIT AFTER INCOME TAX		(23,210)	2,306
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE PROFIT		(23,210)	2,306

Balance Sheet as at 30th June 2016

	Notes	2016 \$	2015 \$
CURRENT ASSETS			
Cash Assets	5	8,667	5,554
Trade and Other Receivables	6	74,766	65,300
TOTAL CURRENT ASSETS		83,433	70,854
NON CURRENT ASSETS			
Property, Plant & Equipment	7	53,636	59,848
TOTAL NON CURRENT ASSETS		53,636	59,848
TOTAL ASSETS		137,069	130,702
CURRENT LIABILITIES			
Trade and Other Payables	8	3,375	3,233
Borrowings	9	62,402	32,967
TOTAL CURRENT LIABILITIES		65,777	36,200
TOTAL LIABILITIES		65,777	36,200
NET ASSETS		71,292	94,502
MEMBERS FUNDS			
Retained Earnings	10	71,292	94,502
TOTAL MEMBERS FUNDS		71,292	94,502

Statement of Changes in Equity for the year ended 30th June 2016

2015	Retained Earnings \$	Total \$
Balance at 1 July 2014	92,196	92,196
Total Comprehensive Income for the year	2,306	2,306
	2,306	2,306
Balance at 30 June 2015	94,502	94,502
2016	Retained Earnings \$	Total \$
Balance at 1 July 2015	94,502	94,502
Total Comprehensive income for the year	(23,210)	(23,210)
	(23,210)	(23,210)
Balance at 30 June 2016	71,292	71,292

Statement of Cashflows for the year ended 30th June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities:			
Cash received from customers		1,192,025	1,148,039
Cash paid to suppliers and employees		(1,218,348)	(1,145,102)
Interest received		-	4
Sundry Income		-	2,800
Net cash provided by/(used in) operating activities	11	(26,323)	5,741
Cash flows from financing activities:			
Repayment of Borrowings		29,436	(3,490)
Net cash provided by/(used in) financing activities		29,436	(3,490)
Net increase/(decrease) in cash held		3,113	2,251
Cash at the beginning of the financial year		5,554	3,303
Cash at the end of the financial year	11	8,667	5,554

Notes to the Financial Statements for the year ended 30th June 2016

1 Statement of Accounting Policies

The financial report covers the economic entity of Central Victorian UFS Pharmacies Ltd as an individual economic entity. Central Victorian UFS Pharmacies Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

Basis of preparation

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

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

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

(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). 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

The policy has been introduced last financial year that membership revenues have been accounted for on a prepaid basis as opposed to at the time of receipt and this applies to members joining the society since the 12th May 2006 when the new Maiden Gully Store opened.

(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).

Notes to the Financial Statements for the year ended 30th June 2016

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 related to income taxes levied by the same taxation authority and the company entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

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

(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 for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

Notes to the Financial Statements for the year ended 30th June 2016

(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 2016 was 11,328 (2015:11,770).

(f) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

(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) Property, plant and equipment

Plant and equipment 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. 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:

- plant and equipment 3 - 19 years

Notes to the Financial Statements for the year ended 30th June 2016

(i) 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.

(j) Payment terms

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

(k) 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.

(l) 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.

(m) 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.

Although the directors anticipate that the adoption of AASB 16 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the Financial Statements for the year ended 30th June 2016

	2016 \$	2015 \$
2 Revenue		
Operating activities		
Sales Revenue	1,181,261	1,135,664
Memberships	10,764	9,575
Total revenue from operating activities	1,192,025	1,145,239
Non operating activities		
Interest Received	-	4
Sundry Income	-	2,800
Total revenue from non-operating activities	-	2,804
Total revenue	1,192,025	1,148,043
3 Expenses		
Depreciation of non-current assets:		
- Plant and Equipment	6,212	6,525
	6,212	6,525
4 Income Tax Expense		
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-

Notes to the Financial Statements for the year ended 30th June 2016

2016
\$

2015
\$

(b) The prima facie tax on profit from activities before income tax is reconciled to the income tax expenses as follows:

Operating profit/(loss)	(23,210)	2,306
Prima facie tax on profit/(loss) @ 30%	(6,963)	692
Add tax effect of:		
- Unbooked current year tax loss	6,960	1,213
	6,960	1,213
Less tax effect of:		
- Mutual profit	(3)	1,905
	(3)	1,905
Income tax on operating profit	-	-

Tax Losses (tax effected)

Opening balance	134,552	133,339
Future income tax benefit/(deficit) not brought to account	6,960	1,213
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:		
	141,513	134,552

As at 30 June 2016, the balance of the gross carried forward tax losses is \$471,709 (tax effected: \$141,513) (2015: \$448,508 gross, tax effected \$134,552).

5 Cash

Cash at Bank and on Hand	8,667	5,554
	8,667	5,554

Notes to the Financial Statements for the year ended 30th June 2016

2016
\$

2015
\$

6 Trade and Other Receivables

Government	46,990	37,784
GST Rebate	27,776	27,516
	<u>74,766</u>	<u>65,300</u>

7 Property, Plant & Equipment

Plant and Equipment		
At cost	99,498	99,498
Less accumulated depreciation	(45,862)	(39,650)
	<u>53,636</u>	<u>59,848</u>

Total Written Down Amount	<u>53,636</u>	<u>59,848</u>
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Movements in carrying amounts

Plant and Equipment		
Carrying amount at the start of the year	59,848	66,373
Additions	-	-
Depreciation/amortisation	(6,212)	(6,525)

Carrying amount at the end of the year	<u>53,636</u>	<u>59,848</u>
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Total written down amount	<u>53,636</u>	<u>59,848</u>
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8 Trade and Other Payables

Trade creditors	247	-
Accruals	337	171
GST Payable	2,791	3,062
	<u>3,375</u>	<u>3,233</u>

9 Borrowings

(a) Current

Intra-group Loans	62,402	32,967
	<u>62,402</u>	<u>32,967</u>

Intra-group loan is repayable at 90 days notice.

Notes to the Financial Statements for the year ended 30th June 2016

	2016	2015
	\$	\$

10 Members Funds

Balance at the beginning of the financial year	94,502	92,196
Net profit/(loss) from ordinary activities after Income Tax	(23,210)	2,306
Balance at the end of the financial year	71,292	94,502

11 Statements of cashflows

Reconciliation of cash

Cash at Bank and on hand	8,667	5,554
	8,667	5,554

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

Net profit/(loss) from ordinary activities after income tax	(23,210)	2,306
Non-cash items:		
- Depreciation	6,212	6,525
Changes in assets and liabilities:		
- Increase in receivables	(9,467)	(3,256)
- Increase in trade creditors and payables	142	166
Net cashflow provided by operating activities	(26,323)	5,741

12 Auditor's Remuneration

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

- Auditing the financial accounts	2,140	1,075
- Other services in relation to the company	505	450
	2,645	1,525

Notes to the Financial Statements for the year ended 30th June 2016

2016
\$

2015
\$

13 Related Party Transactions

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

Ms Roslyn Wai - Chair
Ms Nicole Cox - Deputy Chair
Mr Geoff Cook
Ms Kate Hyett
Mr Stephen Iser
Mr Andrew Trewartha
Mr Glenn Reilly

Director's Remuneration	6,600	6,150
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The number of Directors of Central Victorian UFS Ltd including Executive Directors who received or in respect of whom income is due and receivable from Central Victorian UFS Ltd within the following bands is:

\$0 – \$10,000	7	7
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Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Since the end of the previous financial year no Director of the society has received or become entitled to receive any benefit (Other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts) by reason of a contract made by the society with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial interest.

14 Subsequent events

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

15 Contingent liabilities

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

16 Registered office/Principal place of business

The registered office and principal place of business is:

Registered office

Suite 2, 379 Hargreaves Street, Bendigo, Vic 3550

Principal place of business

2/715 Calder Highway Maiden Gully 3555

Notes to the Financial Statements for the year ended 30th June 2016

17 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.

Credit Risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company only accepts credit cards of major financial institutions.

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.

Cash flow and fair value interest rate risk

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

Notes to the Financial Statements for the year ended 30th June 2016

(b) Financial Instrument Composition and Maturity Analysis

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The company does not have any unrecognised financial instruments at the year end.

Credit risk

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

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

Financial Instrument	Floating Interest Rate		Fixed Interest rate maturing in						Non interest Bearing		Weighted Average Effective Interest rate	
			1 year or less		Over 1 to 5 years		Over 5 Years					
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash at Bank	8,667	5,554									0.02%	0.28%
Receivables									74,766	65,300		
Investments												
Financial Liabilities												
Trade and Other Payables									3,375	3,233		
Inter Group Loans	62,402	32,967									0.00%	0.00%

Notes to the Financial Statements for the year ended 30th June 2016

(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 30th June 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2016 \$	2015 \$
Change in Profit		
Increase in interest rate by 2%	3,251	2,669
Decrease in interest rate by 2%	(3,251)	(2,669)
Change in Equity		
Increase in interest rate by 2%	3,251	2,669
Decrease in interest rate by 2%	(3,251)	(2,669)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign exchange risk, as the entity is not exposed to foreign currency fluctuations.

Directors' Declarations

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

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

- (1) The financial statements and notes, as set out on pages 11 to 30, 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 2016 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 Roslyn Wai
Chairman



Ms Nicole Cox
Deputy Chairman

Signed on the 27th October 2016



Independent Auditor's Report to the members of Central Victorian United Friendly Societies Limited

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose report, of Central Victorian United Friendly Societies Limited (the company), which comprises the balance sheet as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*.

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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Opinion

In our opinion the financial report of Central Victorian United Friendly Societies 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 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial statements, 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.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Central Victorian United Friendly Societies Limited for the year ended 30 June 2016 included both in Central Victorian United Friendly Societies Limited's annual report and on the website. The directors of Central Victorian United Friendly Societies Limited are responsible for the integrity of Central Victorian United Friendly Societies Limited's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

Andrew Frewin Stewart

61 Bull Street, Bendigo Vic 3550

Dated this 27th day of October 2016

David Hutchings
Lead Auditor

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