



**BENDIGO UNITED
FRIENDLY SOCIETIES
PHARMACIES LTD**

2018 Annual Report



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Bendigo United Friendly Societies Pharmacies Ltd

ABN 51 087 822 268

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

Chair: Ms Roslyn Wai

Secretary: Mr Paul Kirkpatrick and
Mr Michael Fleming

Telephone: (03) 5441 5590

Chair and Chief Executive Officer's Report

UFS Pharmacies is a group of four pharmacies, an Optical store, a Day Spa with a Vision is to be *Our Community's health and wellbeing destination*.

We are very proud of our strong links with the Bendigo community over the last 145 years, and the professional standards that are maintained by the great team of approximately 83 people who strive to provide our customers with great health and wellbeing experiences every day.

The group reported an excellent financial result for the year with a surplus of approximately \$477,000 generated by strong sales growth and positive results linked to targeted initiatives to improve the performance of specific business units.

Overall revenue grew by 10% - led by the View Street Pharmacy which has been operating as a 24-hour pharmacy under the Victorian Government's Supercare Initiative for the past 12 months. The growth has been exceptional with customers embracing the convenience of around the clock access to pharmacy services and the nursing service that operates from 6pm to 10pm every day. The nursing service provides low to moderate level, non-emergency health care which supports a reduction in patients presenting at Bendigo Hospital Emergency Department. The location of View Street to the Hospital has enabled an integrated health care model with both Bendigo Health and other health providers who are now able to refer patients to our View Street Pharmacy at any time.

Our focus on customer health outcomes through enhancing the role of the Pharmacist within our pharmacies is continuing. This is being enhanced through changes to the layout of our pharmacies and an increase in the number of pharmacist hours in our overall workforce. The ongoing introduction of new service offerings, such as vaccinations, will create greater levels of direct interaction between customers and Pharmacists to move away from health retail to providing a health service.

The Maiden Gully Pharmacy which opened in May 2017 has set a benchmark for the ideal customer experience layout which we plan to replicate in all of our pharmacies in the coming few years. The new layout has Pharmacist workstations for customers to have direct access to discuss their health needs. It also provides direct access to the floor for the Pharmacist to assist with over the counter medications as well as their normal prescription medication. The next pharmacy undergoing a layout

reconfiguration will be the Hargreaves Street Pharmacy which is planned for January 2019. This will further advance our focus on being a health service provider through adding a number of consulting rooms and potentially a suite of allied health services to complement our Pharmacy, Optical and Eden businesses.

After a loss last year of approximately \$142,000 the surplus this year has coincided with very strong cash flow which has seen debt reduced and the organisation in a sound position financially. This position will support our plans to refresh existing sites and potentially expand our network to provide services in additional locations to reach more people in the Bendigo area.

Our *Building a Healthier Community Program* donated another \$69,000 to a vast array of organisations throughout the Bendigo area. We are currently reviewing this program as part of our ongoing commitment to community and our purpose as a not for profit community enterprise. We expect this review to be finalised by March 2019.

In closing, a genuine thank you to all our staff who make our organisation such a great workplace and organisation, and to our customers who are the reason we strive to be *Our community's health and wellbeing destination*.



Roslyn Wai
Chair



Michael Fleming
Chief Executive Officer

2018 Performance Summary

	2018 \$	2017 \$
Total Revenue	15,990,563	14,518,892
Salaries & Employee Benefit Expense	3,692,585	3,123,855
Percentage of Revenue	23.09 %	21.52 %
Total Other Expenses	2,446,216	2,267,092
Percentage of Revenue	15.30 %	15.61 %
Profit/(Loss) Before Income Tax Expense	477,122	(142,866)
Percentage of Revenue	2.98 %	(0.98)%
Profit/(Loss) After Income Tax Expense	477,122	(142,866)
Percentage of Revenue	2.98 %	(0.98)%
Balance Sheet Summary		
Total Current Assets	2,233,928	2,076,840
Total Non Current Assets	3,796,840	3,939,247
Total Assets	6,030,768	6,016,087
Total Current Liabilities	1,774,355	1,895,006
Total Non Current Liabilities	272,005	613,794
Total Liabilities	2,046,360	2,508,800
Net Assets	3,984,408	3,507,287
Total Members Funds	3,984,408	3,507,287
Performance Statistics		
	2018	2017
Return on Total Assets after Tax	7.91 %	(2.37) %
Current Ratio	1.26	1.10
Inventory Turnover	8.32	8.47
Return on Equity	11.97 %	(4.07) %

Purpose

We improve the health and wellbeing of our community.

Our vision 2017-2021

Our community's health and wellbeing destination.

Our Values

1. Respectful
2. Caring
3. Trustworthy

Board of Directors

Chairman	Ms Roslyn Wai
Deputy Chairman	Ms Nicole Cox
Director	Mr Geoff Cook
Director	Mr Chris DeAraugo
Director	Mr Stephen Iser
Director	Mr Paul Kirkpatrick
Director	Mr Andrew Trewartha

Administration

Chief Executive Officer	Michael Fleming
Human Resource Manager	Rowan Powell
Buying Coordinator	Pam Williams

Business Units

Pharmacy - 209 View Street Bendigo	Pharmacy Manager	Alana Mitton
Pharmacy - 379 Hargreaves Street Bendigo	Pharmacy Manager	Bronwyn Capewell
Pharmacy - 32 Blucher Street Strathfieldsaye	Pharmacy Manager	Cristina Mazzarino
Pharmacy - Shop 2, 741 Calder Highway, Maiden Gully	Pharmacy Manager	David Tadross
Eden - Suite 3 - 379 Hargreaves Street Bendigo	Eden Manager	Liana Frankling
Optical - Suite 1 - 379 Hargreaves Street Bendigo	Optical Manager	Chris Moyle

Building a Healthier Community

Community Support

The “Building a Healthier Community” Program was established in 2004 and has been distributing funds and in-kind support to a vast range of initiatives centred on a health theme. We have also built the structure of the program around targeting organisations where our members participate.

The program has three elements which are focused on different segments of our membership base and are outlined below:

Schools Partnership Program

We now have thirty six schools and other educational facilities that are part of the Schools Partnership Program. The basis of the program is that our members can nominate a school to receive 50% of our membership fee. These funds are paid annually and are used for developing and implementing health and wellbeing programs within the school or facility. Schools that have joined the program include:

Axedale Primary School	Lockwood South Primary School
Bendigo (Violet Street) Primary School	Maiden Gully Primary School
Bendigo Senior Secondary College	Marist College – Maiden Gully
Bendigo South East Secondary College	Marong Earl Learning Centre
Bendigo Special Developmental School	Marong Primary School
Camp Hill Primary School	North Bendigo Pre School
Catherine McAuley College Bendigo	Quarry Hill Primary School
Creek Street Christian College	Specimen Hill Primary School
Crusoe Secondary College	Spring Gully Primary School
Dr Harry Little Memorial Pre School	St Francis of the Fields Primary
Eppalock Primary School	St Joseph’s Primary School
Golden Square Kindergarten	St Kilian’s Primary School
Holy Rosary Primary School	St Liborius Primary School
Huntly Primary School	St Peter’s Primary School
Kalianna Special School	St Therese’s Primary School
Kennington Primary School	Strathfieldsaye Pre School
Lightning Reef Primary School	Strathfieldsaye Primary School
Lockwood Primary School	Weeroona College Bendigo

Clubs Sponsorship Program

This program operates under the same structure as the Schools Partnership Program providing the fifty four clubs / organisations with 50% of all renewing and new members that join UFS Pharmacies that nominate the club on our membership form. Clubs benefiting from the program include:

Atisha Buddhist Centre	Greater Bendigo Girl Guides
Bears Lagoon Serpentine Football Netball Club	Heartbeat Victoria - Bendigo Branch
Bendigo & District Concert Band	Interchange - Loddon Mallee Region
Bendigo Amateur Radio & Electronics Club Inc.	Junortoun Fire Brigade
Bendigo Animal Welfare & Community Services	Lions Club of Strathfieldsaye
Bendigo Association of Pharmacy Students	Maiden Gully Fire Brigade
Bendigo Autism Asperger Group	Maiden Gully Junior Football Club
Bendigo Breast Cancer Support Services Network	Maiden Gully Neighbourhood Watch
Bendigo Chinese Cultural Community	Marong Cricket Club
Bendigo Community Toy Library	Marong Fire Brigade
Bendigo East Baseball Club	Marong Football & Netball Club
Bendigo Foodshare	Mount Pleasant Football Netball
Bendigo Scleroderma Support Group	National Seniors Bendigo & District
Bendigo Senjuns Hockey Club	Righteous Pups Australia
Bendigo Squash Club	Sing Australia Bendigo
Bendigo Youth Choir	South Bendigo Football & Netball
Bendigo Symphony Orchestra	St Luke's Anglicare
Bendigo Volunteer Resource Centre	State Emergency Service Bendigo
Blue Ribbon Foundation	Strathfieldsaye Bowls Club
Campbell's Forest Hall	Strathfieldsaye Dodgers Baseball
Dragon City Derby Dolls	Strathfieldsaye Jets Cricket Club
Dragons Abreast Bendigo	Strathfieldsaye Junior Football Club
Golden City Football Club	Strathfieldsaye Junior Netball Club
Golden Square Bowling Club	The Otis Foundation
Golden Square Football & Netball Club	Wildlife Rescue & Information
Golden Square Football & Netball Club Juniors	Zodiacs Netball Club
Golden Square Swimming Pool	Zonta Club of Bendigo

Building a Healthier Community continued

Community Participation Program

UFS receives many requests for assistance throughout the year and as part of our goal to participate actively in the community, we support a wide range of organisations and groups on both an adhoc and regular basis depending on their requirements.

During the past twelve months the following organisations or groups have benefited through support from UFS Pharmacies (just to name a few):

Axedale Events Incorporated	Inglewood Football Netball Club
Bendigo Association of Pharmacy Students	JDRF One Walk Fundraiser
Bendigo Cycling Classic	Kalianna School Golf Day
Bendigo Cystic Fibrosis Support Group	MAD Ride – Bunbury to Bendigo
Bendigo Foodshare	Marong Primary School
Bendigo Y Service Club	Marong Racing Club
Bethlehem Lutheran Church Bendigo	Newbridge Football Netball Club
Cancer Council Girls Night In	Relay for Life
Carshalton House Auxiliary	St Liborius Primary School
Golden Square Primary School	St Therese's Primary School
Heartbeat Victoria - Bendigo Branch	The Old Church Community Pantry

Directors' Report

Your Directors present the financial report of the Bendigo United Friendly Societies Pharmacies Ltd for the financial year ended 30 June 2018.

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

Roslyn Wai

Chair

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

Roslyn is General Manager Corporate Strategy and Governance (Corporate Secretary) at Coliban Water in Bendigo. She has 27 years of experience across media, tertiary education, and water sectors in public relations, community engagement, marketing, customer service and business management and governance. She has worked in roles in both Australia and overseas. She is a full member of the Public Relations Institute of Australia and the International Association of Public Participation, an Associate of the Governance Institute of Australia and a graduate of the Australian Institute of Company Directors.

Nicole Cox

Deputy Chair

BBus(Accounting), CPA

Nicole is a Director of many companies including her own business consultancy firm Segue Business Solutions. She is also Managing Director of Swimz Bendigo, a learn to Swim Facility in Bendigo East. With more than 20 years experience in business, management and finance, 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.

Geoffrey Cook

Director

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

Geoff has 20 years experience in public health administration, 12 years senior local government management experience across both metropolitan and regional councils. He won an ICMA scholarship to study customer service in the USA. He also travelled to Russia and the Ukraine as part of an Australian local government party to promote community engagement

in physical activity to promote healthier lifestyles and promote cultural understanding.

He successfully operated Taambejo and Gemasuro alpaca studs where he was involved in breeding, marketing, showing alpacas and training of new entrants into the industry. He was vice president of the Central Victorian Alpaca Association for 6 years and a delegate to the Australian Sheep & Wool Show.

Chris DeAraugo

Director

Grad Dip Bus

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

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).

Paul Kirkpatrick

Director

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

Directors' Report *continued*

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 Kirkpatrick is also a member of two committees of the Board of Ambulance Victoria, the Community Advisory Committee and the Quality Committee.

Glenn Reilly

Director (Resigned: 29 November 2017)

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.

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.

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

Paul Kirkpatrick JP, MBA, GAICD, BAppSc, FCHSE was appointed as joint company secretary in April 2016. Paul is an experienced company secretary and former CEO of health and human services organisations. Paul maintains significant commitments to service clubs and is Chair of the Bendigo Volunteer Resource Centre.

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

University obtained in 1992. Michael previously worked for Beck Legal from 1993 to 2005 as the Practice Manager before joining Bendigo UFS Pharmacies Ltd as the Chief Executive Officer in April 2005 which is associated with Central Victorian UFS Ltd and provides all retail, staff and other services to the entity.

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/(loss) of the company for the financial year after provision for income tax was:

Year Ended 30 June 2018	Year Ended 30 June 2017
\$	\$
477,122	(142,866)

Significant Changes in the State of Affairs

In the opinion of the directors there were no 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.

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 15.

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 Board 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	11	10
Ms Nicole Cox	11	8
Mr Chris DeAraugo (Appointed: 28 March 2018)	4	4
Mr Stephen Iser	11	9
Mr Paul Kirkpatrick (Appointed: 27 September 2017)	8	7
Mr Glenn Reilly (Resigned: 29 November 2017)	4	3
Mr Andrew Trewartha	11	11
Ms Roslyn Wai	11	11

The number of Audit and Risk Committee meetings attended by each of the Directors of the company during the year were:

	Number of Audit and Risk Committee Meetings eligible to attend	Number attended
Ms Nicole Cox	4	3
Mr Stephen Iser	4	3
Mr Glenn Reilly (Resigned: 29 November 2017)	1	1
Mr Andrew Trewartha	4	4

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, in accordance with the advice received from the Audit and Risk committee and is 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 26 September 2018

A handwritten signature in blue ink, appearing to read 'Roslyn Wai', written in a cursive style.

Ms Roslyn Wai
Chair

A handwritten signature in blue ink, appearing to read 'Nicole Cox', written in a cursive style.

Ms Nicole Cox
Deputy Chair



Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Lead auditor's 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 financial year ended 30 June 2018 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.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 26th day of September 2018

Adrian Downing
Lead Auditor

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June 2018

	Notes	2018 \$	2017 \$
Revenue	2	15,990,563	14,518,892
Cost of Goods Sold	3	(9,374,640)	(9,270,811)
Salaries & Employee Benefits Expense		(3,692,585)	(3,123,855)
Occupancy and Associated Costs		(354,998)	(324,052)
Depreciation and Amortisation Expense	3	(275,352)	(334,581)
Borrowing Costs	3	(25,766)	(14,149)
General Administration Expenses		(1,790,100)	(1,594,310)
NET PROFIT/(LOSS) BEFORE INCOME TAX		477,122	(142,866)
Income Tax	4	0	0
NET PROFIT/(LOSS) AFTER INCOME TAX		477,122	(142,866)
TOTAL COMPREHENSIVE INCOME		477,122	(142,866)

Balance Sheet as at 30 June 2018

	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash Assets	5	14,772	14,892
Trade and Other Receivables	6	894,661	783,713
Inventory		1,324,495	1,278,235
TOTAL CURRENT ASSETS		2,233,928	2,076,840
NON CURRENT ASSETS			
Property, Plant & Equipment	7	2,232,958	2,365,736
Intangibles	8	1,563,882	1,573,511
TOTAL NON CURRENT ASSETS		3,796,840	3,939,247
TOTAL ASSETS		6,030,768	6,016,087
CURRENT LIABILITIES			
Trade and Other Payables	9	1,342,460	1,056,814
Interest Bearing Liabilities	10	(66,042)	351,982
Provisions	11	497,937	486,210
TOTAL CURRENT LIABILITIES		1,774,355	1,895,006
NON CURRENT LIABILITIES			
Interest Bearing Liabilities	10	213,383	541,767
Provisions	11	58,622	72,027
TOTAL NON CURRENT LIABILITIES		272,005	613,794
TOTAL LIABILITIES		2,046,360	2,508,800
NET ASSETS		3,984,408	3,507,287
MEMBERS FUNDS			
Retained Earnings	12	3,984,408	3,507,287
TOTAL MEMBERS FUNDS		3,984,408	3,507,287

Statement of Changes in Equity for the year ended 30th June 2018

2017	Retained Earnings \$	Total \$
Balance at 1st July 2016	3,650,153	3,650,153
Total Comprehensive Income for the year	(142,866)	(142,866)
	(142,866)	(142,866)
Balance at 30th June 2017	3,507,287	3,507,287
2018	Retained Earnings \$	Total \$
Balance at 1st July 2017	3,507,287	3,507,287
Total Comprehensive Income for the year	477,122	477,122
	477,122	477,122
Balance at 30th June 2018	3,984,408	3,984,408

Statement of Cashflows for the year ended 30th June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities:			
Cash received from customers		15,855,388	14,483,862
Cash paid to suppliers and employees		(14,974,615)	(14,448,921)
Rent received		23,886	22,128
Interest received		341	256
Interest paid		(25,766)	(14,149)
Net cash provided by from operating activities	13	879,234	43,176
Cash flows from investing activities:			
Payments for property, plant & equipment		(132,945)	(523,948)
Net cash used in investing activities		(132,945)	(523,948)
Cash flows from financing activities:			
Net repayment of borrowings		(544,442)	(2,109)
Net receipt of borrowings		144,045	701,372
Net cash provided by/(used in) financing activities		(400,397)	699,263
Net increase in cash held		345,892	218,491
Cash at the beginning of the financial year		(107,707)	(326,198)
Cash at the end of the financial year	13	238,184	(107,707)

Notes to the Financial Statements for the year ended 30th June 2018

1. Statement of Accounting Policies

The financial report covers the economic entity of Bendigo UFS Pharmacies Ltd as an individual economic entity. Bendigo 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

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.

(c) Taxation

Current tax

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

Deferred tax

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

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

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

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

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

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

(e) Members' Guarantee

The company is limited by guarantee. If the company is wound up, the Constitution states that each member would be required to pay \$0.50. The number of members at 30 June 2018 was 11,055 (2017: 10,664).

(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. Bank overdrafts are shown in borrowings in the Balance Sheet.

(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, leasehold improvements and equipment under finance lease 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 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	40 years
plant and equipment	2.5 - 40 years
furniture and fittings	4 - 40 years

Notes to the Financial Statements for the year ended 30th June 2018 *continued*

1. Statement of Accounting Policies *continued*

(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) Payment terms

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

(m) 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.

(n) Borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

(o) 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 entity 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.

(p) 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.

(q) Critical accounting estimates and judgements

Estimates and judgements 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 do not believe they are impaired as at 30 June 2018, (2017:Nil).

(r) 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.

Notes to the Financial Statements for the year ended 30th June 2018 *continued*

1. Statement of Accounting Policies *continued*

(r) New Accounting Standards for application in future periods *continued*

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.

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

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

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

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

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

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

2. Revenue

	2018 \$	2017 \$
Operating activities		
Sales Revenue	14,938,238	14,334,601
Memberships	116,156	115,154
Total revenue	15,054,394	14,449,755
Non operating activities		
Rent Revenue	23,886	22,128
Sundry Income	911,942	45,008
Interest Received	341	256
Rebates	0	1,745
Total revenue from non-operating activities	936,169	69,137
Total revenue from Ordinary Activities	15,990,563	14,518,892

3. Profit/(Loss) includes the following expenses:

	2018 \$	2017 \$
Cost of Goods Sold	9,374,640	9,270,811
Depreciation and amortisation of non-current assets:		
- Buildings	157,941	215,134
- Plant and Equipment	107,782	114,042
- Intangible Assets	9,629	5,405
	275,352	334,581
Borrowing Expenses		
- Interest Paid	25,766	14,149
Bad Debts	2,737	193
Loss on Disposal of Assets	0	(3,182)

4. Income Tax Expense

	2018 \$	2017 \$
(a) The components of tax expense comprise:		
Current tax	0	0
Deferred tax	0	0
Income tax expense	0	0
(b) The prima facie tax on profit from activities before income tax is reconciled to the income tax expenses as follows:		
Operating profit	477,122	(142,866)
Prima facie tax on profit @ 27.5%, (2017: 30.0%)	131,209	(42,860)
Add tax effect of:		
- Movement in provision for long service leave	(4,837)	4,483
- Movement in provision for annual leave	4,597	2,734
- Notional rent expense - inter-entity	12,526	9,297
- Non-deductible entertainment	1,037	748
- Wage accruals	2,379	1,527
- Tax losses not brought to account	0	91,904
	15,703	110,693
Less tax effect of:		
- Mutual profit	55,213	39,328
- Notional rent income - inter-entity	24,090	23,868
- Additional building capital allowances	4,250	4,637
- Carried forward losses from prior year	63,358	0
	146,912	67,833
Income tax on operating profit	0	0
Tax Losses (tax effected)		
Opening balance	786,425	694,521
Future income tax benefit/(deficit) not brought to account	(63,358)	91,904
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:		
	723,067	786,425

As at 30 June 2018, the balance of the gross carried forward tax losses is \$2,391,021 (tax effected: \$723,067) (2017: \$2,621,413 gross, tax effected: \$786,425).

Notes to the Financial Statements for the year ended 30th June 2018 *continued*

5. Cash Assets

	2018 \$	2017 \$
Cash at Bank and on Hand	14,772	14,892
	14,772	14,892

6. Trade and Other Receivables

	2018 \$	2017 \$
Trade Debtors	416,395	279,720
Government - PBS Remittances Outstanding	452,120	428,140
Prepayments	26,146	75,853
	894,661	783,713

7. Property, Plant & Equipment

	2018 \$	2017 \$
Plant and Equipment		
At cost	1,547,365	1,476,552
Less accumulated depreciation	(1,235,774)	(1,127,991)
	311,591	348,561
Buildings		
At cost	3,164,618	3,102,485
Less accumulated depreciation	(1,624,195)	(1,466,254)
	1,540,423	1,636,231
Land		
At cost	380,944	380,944
	380,944	380,944
Total Written Down Amount	2,232,958	2,365,736
Movements in carrying amounts		
Plant and Equipment		
Carrying amount at the start of the year	348,561	314,986
Additions	70,812	150,799
Disposals	0	(3,182)
Depreciation	(107,782)	(114,042)
Carrying amount at the end of the year	311,591	348,561

7. Property, Plant & Equipment *continued*

	2018 \$	2017 \$
Buildings		
Carrying amount at the start of the year	1,636,231	1,518,950
Additions	62,133	332,415
Disposals	0	0
Depreciation	(157,941)	(215,134)
Carrying amount at the end of the year	1,540,423	1,636,231
Land		
Carrying amount at the start of the year	380,944	380,944
Carrying amount at the end of the year	380,944	380,944
Total written down amount	2,232,958	2,365,736

8. Intangible Assets

	2018 \$	2017 \$
Goodwill at Fair Value	1,535,000	1,535,000
	1,535,000	1,535,000
Intangibles		
At cost	43,916	43,916
Less accumulated amortisation	(15,034)	(5,405)
	28,882	38,511
Total written down amount	1,563,882	1,573,511
Movements in carrying amounts		
Goodwill		
Carrying amount at the start of the year	1,535,000	1,535,000
Carrying amount at the end of the year	1,535,000	1,535,000
Intangibles		
Carrying amount at the start of the year	38,511	0
Additions	0	43,916
Disposals	0	0
Amortisation	(9,629)	(5,405)
Carrying amount at the end of the year	28,882	38,511
Total written down amount	1,563,882	1,573,511

Notes to the Financial Statements for the year ended 30th June 2018 *continued*

9. Trade and Other Payables

	2018 \$	2017 \$
Trade Creditors	946,748	770,324
Other Creditors and Accruals	395,712	286,490
	1,342,460	1,056,814

10. Borrowings

	2018 \$	2017 \$
a) Current		
Bank Overdraft	(223,412)	122,599
Bank Loans	140,226	149,410
Other	17,144	79,973
	(66,042)	351,982
(b) Non-current		
Bank Loans	58,365	361,067
Other Loans	155,018	180,700
	213,383	541,767

The organisation operates a bank overdraft for its working account and at the end of the financial year ended 30th June 2018 it was in credit. The bank loans and overdraft are secured by a first debenture charge from the Bendigo UFS Pharmacies Ltd and the property held at 209 View Street, Bendigo.

Other loans are secured by the underlying asset with fixed interest rates between 4.00% and 6.50%. The repayment terms are between 3 and 5 years.

11. Provisions

	2018 \$	2017 \$
a) Current		
Employee entitlements	497,937	486,210
(b) Non-current		
Employee entitlements	58,622	72,027
Number of employees at the end of the financial year	83 employees	77 employees

12. Retained Earnings

	2018 \$	2017 \$
Balance at the beginning of the financial year	3,507,287	3,650,153
Net Profit/(Loss) from ordinary activities after Income Tax	477,122	(142,866)
Balance at the end of the financial year	3,984,408	3,507,287

13. Statements of cashflows

	2018 \$	2017 \$
Reconciliation of cash		
Cash on Hand	14,772	14,892
Bank Overdraft	223,412	(122,599)
	238,184	(107,707)
Reconciliation of profit after tax to net cash provided by operating activities		
Profit/(Loss) from ordinary activities after income tax	477,122	(142,866)
Non-cash items:		
- Depreciation and amortisation expense	275,352	334,581
Changes in assets and liabilities:		
- Increase in receivables	(110,948)	(12,646)
- Increase in inventories	(46,260)	(9,611)
- Increase/(Decrease) in payables	285,646	(197,591)
- Increase/(Decrease) in provisions	(1,678)	71,309
Net cashflow provided by operating activities	879,234	43,176

14. Auditor's Remuneration

	2018 \$	2017 \$
Amounts received or due and receivable by the auditor of the company for:		
- Auditing the financial accounts	20,950	15,850
- Other services in relation to the company	655	1,350
	21,605	17,200

Notes to the Financial Statements for the year ended 30th June 2018 *continued*

15. Related Party Transactions

	2018 \$	2017 \$
The names of each person who held the position of Director during the year are:		
Mr Geoff Cook		
Ms Nicole Cox		
Mr Chris DeAraugo		
Mr Stephen Iser		
Mr Paul Kirkpatrick		
Mr Glenn Reilly		
Mr Andrew Trewartha		
Ms Roslyn Wai		
Directors' Remuneration	79,134	87,864

The number of Directors of Bendigo UFS Pharmacies Ltd including Executive Directors who received or in respect of whom income is due and receivable from Bendigo UFS Pharmacies Ltd within the following bands is:

	2018	2017
\$10,001 - \$20,000	8	7

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.

16. Subsequent events

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.

17. Contingent liabilities

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

18. Segment reporting

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

19. 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

379 Hargreaves Street Bendigo 3550

209 View Street Bendigo 3550

32 Blucher Street Strathfieldsaye 3551

Shop 2, 741 Calder Highway, Maiden Gully 3551

20. 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.

20. Financial Risk Management

continued

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.

(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.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed

in the Balance Sheet and notes to the financial statements.

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

Financial Instrument	Floating Interest Rate		Fixed Interest rate maturing in						Non Interest Bearing		Weighted Average Effective Interest rate	
	2018	2017	1 year or less		Over 1 to 5 years		Over 5 years		2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%

Financial assets

Cash at Bank											0.00	0.00
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Receivables									894,661	783,713		
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Financial Liabilities

Trade and Other Payables									1,342,460	1,056,814		
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Borrowings - Current	(66,042)	351,982									1.74	2.33
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Borrowings - Non-current	58,365	361,067			155,018	180,700					4.40	1.94
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Notes to the Financial Statements for the year ended 30th June 2018 *continued*

20. Financial Risk Management

continued

(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 2018 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:

	2018 \$	2017 \$
Change in Profit		
Increase in interest rate by 2%	(1,798)	(4,415)
Decrease in interest rate by 2%	1,798	4,415
Change in Equity		
Increase in interest rate by 2%	(1,798)	(4,415)
Decrease in interest rate by 2%	1,798	4,415

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 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 UFS Pharmacies Limited, the directors declare that:

- (1) The financial statements and notes, as set out on pages 12 to 28 are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards applicable to the company; and
 - b. give a true and fair view of the financial position as at 30 June 2018 and of the performance of the company for the year ended on that date in accordance with the accounting policies described in Note 1 of the financial statements.
- (2) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Ms Roslyn Wai
Chair



Ms Nicole Cox
Deputy Chair

Signed on the 26/9/2018.

Independent Auditor's Report



Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Independent auditor's report to the members of Bendigo United Friendly Societies Pharmacies Ltd

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of Bendigo United Friendly Societies Pharmacies Ltd being a special purpose financial report, 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 2018 and of its performance for the year ended on that date; and
- ii. complying with the accounting policies described in Note 1 of the financial report.

What we have audited

Bendigo United Friendly Societies Pharmacies Ltd's (the company) financial report comprises the:

- ✓ Balance sheet as at 30 June 2018
- ✓ Statement of profit or loss and other comprehensive income for the year then ended
- ✓ Statement of changes in equity for the year then ended
- ✓ Statement of cash flows for the year then ended
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the entity.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Basis of accounting and restriction on distribution

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared to assist Bendigo United Friendly Societies Pharmacies Ltd to meet the requirements of the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Other information

The company may prepare an annual report that may include the financial statements, directors' report and declaration and our audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and reports covering governance and other matters.

The directors are responsible for the other information. An annual report has not been made available to us as of the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.



Chartered Accountants

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Our responsibility is to read the other information identified above when it becomes available 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 we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Independence

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

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the accounting policies described in Note 1 of the financial report and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 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. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of Bendigo United Friendly Societies Pharmacies Limited for the year ended 30 June 2018 included both in Bendigo United Friendly Societies Pharmacies Limited's annual report and on the website. The directors of Bendigo United Friendly Societies Pharmacies Limited are responsible for the integrity of Bendigo United Friendly Societies Pharmacies 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, 3550
 Dated this 26th day of September 2018

Adrian Downing
 Lead Auditor

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



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