



**CENTRAL VICTORIAN
UNITED FRIENDLY SOCIETY LTD**

2018 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 3550

Chair: Ms Roslyn Wai

Secretary: Mr Paul Kirkpatrick and
Mr Michael Fleming

Telephone: (03) 5441 5590

Chair and Secretary Report

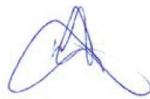
The Pharmacy grew sales by nearly 16% last year which is attributed to the relocation that occurred in May 2017. The end of year financial result is a loss of \$53,000 - a significant improvement on the previous year loss of \$131,000.

The new purpose built store has been designed to promote direct interaction between the pharmacist and customer with the goal of providing a better experience and improved health outcomes for our customers. We have also included a counselling room which allows us to offer vaccinations for the Flu and Whooping Cough in addition to the normal services provided by a pharmacist.

The customer experience focussed layout and fitout has set a benchmark for future renovations across the group, with positive feedback from our customers. We expect customer traffic into the pharmacy to continue to grow over coming years as the surrounding community expands through land development within this area of Bendigo.



Roslyn Wai
Chair



Michael Fleming
Chief Executive Officer



2018 Performance Summary

	2018 \$	2017 \$
Total Revenue	1,340,031	1,156,302
Total Other Expenses	1,393,411	1,287,528
Percentage of Revenue	103.98 %	111.35 %
Loss Before Income Tax Expense	(53,380)	(131,226)
Percentage of Revenue	(3.98)%	(11.35)%
Balance Sheet Summary		
Total Current Assets	87,687	30,601
Total Non Current Assets	-	-
Total Assets	87,687	30,601
Total Current Liabilities	201,001	90,535
Total Liabilities	201,001	90,535
Net Assets	(113,314)	(59,934)
Total Members Funds	(113,314)	(59,934)

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 (Appointed: 28 March 2018)
Director	Mr Stephen Iser
Director	Mr Paul Kirkpatrick (Appointed: 27 September 2017)
Director	Mr Glenn Reilly (Resigned: 29 November 2017)
Director	Mr Andrew Trewartha

Administration

Chief Executive Officer	Michael Fleming
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Directors' Report

Your Directors submit the financial report of the Central Victorian Friendly United Society Ltd for the period 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 Very Special Kids (VSK).

Paul Kirkpatrick

Director

JP, BHA, 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

Directors' Report *continued*

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

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

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

Year Ended 30 June 2018	Year Ended 30 June 2017
\$	\$
(53,380)	(131,226)

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 or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs 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

Directors' Report *continued*

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 the 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	5	3
Ms Nicole Cox	5	3
Mr Chris DeAraugo (Appointed: 28 March 2018)	1	1
Mr Stephen Iser	5	4
Mr Paul Kirkpatrick (Appointed: 27 September 2017)	4	4
Mr Glenn Reilly (Resigned: 29 November 2017)	2	2
Mr Andrew Trewartha	5	4
Ms Roslyn Wai	5	5

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 are 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 board 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 8.

Signed in accordance with a resolution of the Board of Directors at Suite 2, 379 Hargreaves Street, Bendigo on 26 September 2018.



Ms Roslyn Wai
Chair



Ms Nicole Cox
Deputy Chair

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 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	1,340,031	1,156,302
Depreciation Expense	3	-	(6,212)
General Administration Expenses		(1,393,411)	(1,281,316)
NET LOSS BEFORE INCOME TAX		(53,380)	(131,226)
Income Tax Expense	4	-	-
NET LOSS AFTER INCOME TAX		(53,380)	(131,226)
TOTAL COMPREHENSIVE INCOME		(53,380)	(131,226)

Balance Sheet as at 30th June 2018

	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash Assets	5	31,219	2,295
Trade and Other Receivables	6	56,468	28,306
TOTAL CURRENT ASSETS		87,687	30,601
NON CURRENT ASSETS			
Property, Plant & Equipment	7	-	-
TOTAL NON CURRENT ASSETS		-	-
TOTAL ASSETS		87,687	30,601
CURRENT LIABILITIES			
Trade and Other Payables	8	2,830	4,185
Borrowings	9	198,171	86,350
TOTAL CURRENT LIABILITIES		201,001	90,535
TOTAL LIABILITIES		201,001	90,535
NET ASSETS		(113,314)	(59,934)
MEMBERS FUNDS			
Retained Earnings	10	(113,314)	(59,934)
TOTAL MEMBERS FUNDS		(113,314)	(59,934)

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

2017	Retained Earnings \$	Total \$
Balance at 1 July 2016	71,292	71,292
Total comprehensive income for the year	(131,226)	(131,226)
	(131,226)	(131,226)
Balance at 30 June 2017	(59,934)	(59,934)
2018	Retained Earnings \$	Total \$
Balance at 1 July 2017	(59,934)	(59,934)
Total comprehensive income for the year	(53,380)	(53,380)
	(53,380)	(53,380)
Balance at 30 June 2018	(113,314)	(113,314)

Statement of Cashflows for the year ended 30th June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities:			
Cash received from customers		1,340,031	1,156,302
Cash paid to suppliers and employees		(1,422,928)	(1,186,622)
Net cash used in operating activities	11	(82,897)	(30,320)
Cash flows from financing activities:			
Repayment of borrowings		111,821	23,948
Net cash provided by financing activities		111,821	23,948
Net increase/(decrease) in cash held		28,924	(6,372)
Cash at the beginning of the financial year		2,295	8,667
Cash at the end of the financial year	11	31,219	2,295

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 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.

Going Concern

The net liabilities of the company as at 30 June 2018 were \$113,314 and the loss recorded for the year was \$53,380. The company has a net working capital deficiency, with current liabilities of \$201,001 greater than current assets of \$87,687. In addition, operating cash outflows were \$82,897.

The net working capital deficiency has been driven by an intra-group loan balance of \$198,171 remaining payable at 30 June 2018 to Bendigo United Friendly Societies Pharmacies Ltd. The loan is payable at 90 days' notice on request by Bendigo United Friendly Societies Pharmacies Ltd and there is no indication that the loan repayment will be requested as at 30th June 2018.

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

(a) Revenue

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).

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.

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

1. Statement of Accounting Policies *continued*

Deferred tax *continued*

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

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

Current and deferred tax for the period

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

(d) Goods and Services tax

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

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

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

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

(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.

(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

(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 company 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 2018 *continued*

1. Statement of Accounting Policies *continued*

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

- 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	1,327,118	1,146,102
Memberships	12,913	10,200
Total revenue from operating activities	1,340,031	1,156,302
Total revenue	1,340,031	1,156,302

3. Expenses

	2018 \$	2017 \$
Depreciation of non-current assets:		
- Plant and Equipment	-	6,212
	-	6,212

4. Income Tax Expense

	2018 \$	2017 \$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-
(b) The prima facie tax on profit/(loss) from activities before income tax is reconciled to the income tax expenses as follows:		
Operating loss	(53,380)	(131,226)
Prima facie tax on loss @ 27.5% (2017: 30.0%)	(14,679)	(39,368)
Add tax effect of:		
- Unbooked current year tax loss	12,185	33,140
	12,185	33,140
Less tax effect of:		
- Mutual profit	(2,494)	(6,228)
	(2,494)	(6,228)
Income tax on operating profit	-	-
Tax Losses (tax effected)		
Opening balance	174,653	141,513
Future income tax benefit/(deficit) not brought to account	12,185	33,140
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.	186,838	174,653
Future income tax benefit carried forward is:		

As at 30 June 2018, the balance of the gross carried forward tax losses is \$626,486 (tax effected: \$186,838) (2017: \$582,175 gross, tax effected: \$174,653).

5. Cash Assets

	2018 \$	2017 \$
Cash at bank and on hand	31,219	2,295
	31,219	2,295

6. Trade and Other Receivables

	2018 \$	2017 \$
Trade Debtors	30,354	0
Government	26,114	28,067
GST rebate	0	239
	56,468	28,306

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

7. Property, Plant & Equipment

	2018 \$	2017 \$
Plant and Equipment		
At cost	0	0
Less accumulated depreciation	0	0
	0	0
Total Written Down Amount	0	0
Movements in carrying amounts		
Plant and Equipment		
Carrying amount at the start of the year	0	53,636
Additions	0	0
Depreciation	0	(6,212)
Disposals	0	(47,424)
Carrying amount at the end of the year	0	0
Total written down amount	0	0

During the previous year, the Maiden Gully pharmacy changed premises, with the new location's property, plant and equipment becoming property of Bendigo United Friendly Societies. Therefore, the remaining written down value of the assets at the old site at the date of moving was written off.

8. Trade and Other Payables

	2018 \$	2017 \$
Trade Creditors	0	74
Accruals	2,830	625
GST payable	0	3,486
	2,830	4,185

9. Borrowings

	2018 \$	2017 \$
a) Current		
Intra-group Loans	198,171	86,350
	198,171	86,350

Intra-group loan is repayable at 90 days notice.

10. Members Funds

	2018 \$	2017 \$
Balance at the beginning of the financial year	(59,934)	71,292
Net loss from ordinary activities after income tax	(53,380)	(131,226)
Balance at the end of the financial year	(113,314)	(59,934)

11. Statements of cashflows

	2018 \$	2017 \$
Reconciliation of cash		
Cash at bank and on hand	31,219	2,295
	31,219	2,295
Reconciliation of profit after tax to net cash provided by operating activities		
Net loss from ordinary activities after income tax	(53,380)	(131,226)
Non-cash items:		
- Depreciation Expense	-	6,212
- Asset Write Down	-	47,425
Changes in assets and liabilities:		
- Increase/(Decrease) in receivables	(28,162)	46,460
- Increase/(Decrease) in trade creditors and payables	(1,355)	809
Net cashflow provided by operating activities	(82,897)	(30,320)

12. Auditor's Remuneration

	2018 \$	2017 \$
Amounts received or due and receivable by the auditor of the company for:		
- Auditing the financial accounts	4,800	2,690
- Other services in relation to the company	655	635
	5,455	3,325

13. Related Party Transactions

	2018 \$	2017 \$
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		
Mr Chris DeAraugo		
Mr Stephen Iser		
Mr Paul Kirkpatrick		
Mr Glenn Reilly		
Mr Andrew Trewartha		
Directors' Remuneration	5,267	7,195

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

13. Related Party Transactions

continued

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:

	2018	2017
\$0 - \$10,000	8	8

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 3552

Principal place of business

Shop 2, 741 Calder Highway, Maiden Gully 3551

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.

(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 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	31,219	2,295									0.00	0.00
Receivables								56,468	28,306			
Investments												
Financial Liabilities												
Trade and Other Payables								2,830	4,185			
Inter Group Loans	198,171	86,350									0.00	0.00

(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%	2,836	1,936
Decrease in interest rate by 2%	(2,836)	(1,936)
Change in Equity		
Increase in interest rate by 2%	2,836	1,936
Decrease in interest rate by 2%	(2,836)	(1,936)

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 Central Victorian UFS Limited, the directors declare that:

- (1) The financial statements and notes, as set out on pages 9 to 21, 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.

A handwritten signature in blue ink, appearing to read 'Roslyn Wai'.

Ms Roslyn Wai
Chair

A handwritten signature in black ink, appearing to read 'Nicole Cox'.

Ms Nicole Cox
Deputy Chair

Signed on the 26 September 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 Central Victorian United Friendly Societies Ltd

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of Central Victorian United Friendly Societies 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

Central Victorian United Friendly Societies 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 Central Victorian United Friendly Societies Ltd to meet the requirements of the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Material uncertainty related to going concern

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss of \$53,380 during the year ended 30 June 2018 and, as of that date, the company's current liabilities exceeded its current assets by \$113,314. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast doubt as to the company's ability to continue as a going concern. The company's working deficiency can be attributable to an intra-group loan payable to Bendigo United Friendly Societies Pharmacies Ltd. The directors have no reason to believe the loan will be called upon until the company has sufficient working capital to repay the loan.

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.

Independent Auditor's Report continued



Chartered Accountants

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

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 Central Victorian United Friendly Societies Limited for the year ended 30 June 2018 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, 3550
Dated this 26th day of September 2018



Adrian Downing
Lead Auditor



Central Victorian United Friendly Societies Ltd

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

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