



# Bendigo United Friendly Societies Pharmacies LTD

# 2017 Annual Report



## **Bendigo United Friendly Societies Pharmacies Ltd**

*ABN 51 087 822 268*

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

**Chairman:** Ms Roslyn Wai

**Secretary:** Mr Paul Kirkpatrick  
Mr Michael Fleming

**Telephone:** (03) 5441 5590

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# Chairman and Chief Executive Officers Report

The year brought us celebrations of a new Maiden Gully Pharmacy, the opening of Bendigo's first 24 hour Supercare Pharmacy and also recognition of the contribution we continue to make to the community in which we operate.

We celebrated the opening of our new Maiden Gully Pharmacy in May a timely opening of our new store with significant growth in this area of Bendigo. The pharmacy is purpose built and designed to support our service focus. We have added a counselling room to support services like vaccinations and worked significantly on other aspects of the store to make it an exceptional customer experience.

Our successful tender for a 24 hour Supercare Pharmacy in Bendigo at our View Street Pharmacy was an opportunity to offer something new to our community. The Supercare initiative has been created by the State Government to help reduce the load on hospital emergency departments and incorporates a nursing service 6pm to 10pm every day. This model demonstrates the future role pharmacy can play in the broader health industry as a front line health provider. UFS Pharmacies are very proud to be a part of this important initiative.

The View Street Pharmacy switched over to 24 hour trading on the 30th June 2017 to the credit of our UFS team overall, but particularly our team of pharmacists who provided strong support throughout the process. Their contribution has been invaluable to the success of the transition.

The financial performance resulted in a loss of \$142,866 for the year after a surplus of \$33,512 last year. There were a few factors during the year that impacted the result. The first was a severe weather event in September and October last year which reduced trade significantly. The lost gross profit from this event was never recovered despite forecasts being generally on target for the rest of the year. Another notable issue was a decision to write down the value of some fittings within the business that management believed no longer matched the value represented in our accounts. The total adjustment for these fittings was nearly \$70,000.

Overall the organisation remains in a healthy position with positive operational cashflow and relatively low debt which will allow the group to expand if an opportunity arises or to invest further in its existing business units as required.

The pharmacy industry is continuing to evolve as competitive pressures force incumbents to adapt. Our organisation is focused on moving to a services orientated model and an example of this strategy is the introduction of vaccinations for flu and whooping cough at our Hargreaves Street and View Street Pharmacies recently. The customer response to this service has been extremely positive and it is clear customers appreciate the convenience of the service. All of our pharmacies will soon offer vaccinations and we have embraced other services like medschecks, home medicine reviews and Webster packs that are being encouraged by government through the 6th Community Pharmacy Agreement. This will be an ongoing focus for the group as we seek to grow our services offering and expanding our sales mix.

Our non-pharmacy business units, Eden Body and Soul Essentials and UFS Optical contributed over \$1 million in sales to the group and this has been an important aspect to our strategy in investing in alternative, complimentary businesses. We are working within both of these business units to improve productivity and increase their contribution to the group which will help diversify our income streams as they grow.

The Building a Healthier Community Program distributed over \$70,000 to a vast array of organisations across the Bendigo Community. The strength of the program lies within its structure where effectively members are able to direct funds to groups they support and participate in. The program is part of our ethos and remains an important part of our strategy going forward.

The board and management would like to thank our 75 staff who work within the group and contribute to the ongoing success of the organisation. Our focus as it has been for over 145 years is on contributing to better health outcomes for our customers and it is a testament to our people that the organisation continues to progress despite the competitive pressures that exist within our local market.

We would like to thank our customers who support the group and develop long lasting often generational relationships with our people and organisation. These relationships are vital to our organisation and we appreciate the support provided by the Bendigo Community.

Roslyn Wai  
Chairman



Michael Fleming  
Chief Executive Officer



## 2017 Performance Summary

	2017	2016
	\$	\$
Total Revenue	14,518,892	14,930,018
Salaries & Employee Benefit expenses	3,123,855	3,006,112
Percentage of Revenue	21.52 %	20.13 %
Total Other Expenses	2,267,092	2,133,058
Percentage of Revenue	15.61 %	14.29 %
Profit Before Income Tax Expense	(142,866)	33,512
Percentage of Revenue	(0.98)%	0.22 %
Profit After Income Tax Expense	(142,866)	33,512
Percentage of Revenue	(0.98)%	0.22 %
<b>Balance Sheet Summary</b>		
Total Current Assets	2,076,840	2,053,983
Total Non Current Assets	3,939,247	3,749,881
Total Assets	<b>6,016,087</b>	<b>5,803,864</b>
Total Current Liabilities	1,895,006	2,049,991
Total Non Current Liabilities	613,794	103,720
Total Liabilities	<b>2,508,800</b>	<b>2,153,711</b>
Net Assets	<b>3,507,287</b>	<b>3,650,153</b>
Total Members Funds	<b>3,507,287</b>	<b>3,650,153</b>
<b>Performance Statistics</b>		
Return on Total Assets after Tax	(2.37)%	0.58 %
Current Ratio	1.10	1.00
Inventory Turnover	8.47	8.81
Return on Equity	(4.07)%	0.92 %

## Purpose

To dispense services, products and advice that improve the health and wellbeing of our community.

## Our vision 2017-2021

UFS is a health and well-being destination, owned by the community, a source of pride for staff.

## Our Values

1. Respectful
2. Caring
3. Trustworthy

## Membership

Our business is based upon a membership structure where our primary focus is to provide a range of products and services to our membership base which continues to grow.

Members pay a membership fee which entitles them to receive discounts on our product range and access to a range of subsidised services and information.

## Board of Directors

Chairman	Ms Roslyn Wai
Deputy Chairman	Ms Nicole Cox
Director	Mr Geoff Cook
Director	Mr Stephen Iser
Director	Mr Glenn Reilly
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 - 715 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 Pre School
Bendigo Special Developmental School	Marong Primary School
Camp Hill Primary School	North Bendigo Pre School
Catholic 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 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	Junortoun Fire Brigade
Bendigo Breast Cancer Support Services	Maiden Gully Fire Brigade
Bears Lagoon Serpentine Football Netball Club	Maiden Gully Junior Football Club
Bendigo & District Concert Band	Maiden Gully Neighbourhood Watch
Bendigo Amateur Radio & Electronics Club	Marong Fire Brigade
Bendigo Animal Welfare & Community Service	Marong Football Netball Club
Bendigo Autism Asperger Group	Bendigo Toy Library
Bendigo Chinese Cultural Community	National Seniors Bendigo & District
Mount Pleasant Football Netball Club	Otis Foundation
Bendigo East Baseball Club	Quest Equine Welfare
Bendigo Foodshare	Radius Disability Services
Bendigo Senjuns Hockey Club	Righteous Pups Australia

Bendigo State Emergency Service (SES)  
Bendigo Squash Club Inc.  
Bendigo Symphony Orchestra  
Campbell's Forest Hall  
Dragon City Derby Dolls  
Dragons Abreast Bendigo  
Furever Friends Bendigo  
Golden City Football Club  
Golden Square Football & Netball Club  
Golden Square Swimming Pool Inc.  
Heartbeat Victoria - Bendigo Branch  
Interchange – Loddon Mallee Region  
Wildlife Rescue & Information Network

Scleroderma Support Group  
Sing Australia Bendigo  
South Bendigo Football Netball Club  
St Luke's Anglicare  
Strathfieldsaye Bowls Club  
Strathfieldsaye Baseball Club  
Strathfieldsaye Jets Cricket Club  
Strathfieldsaye Junior Football Club  
Strathfieldsaye Junior Netball Club  
Jemima's Gift  
Valkyrie Care Group  
Zodiacs Netball Club  
Zonta Club of Bendigo

## 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  
Bendigo Association of Pharmacy Students  
Bendigo Chaplaincy Committee  
Bendigo Foodshare  
Bendigo Hawks Swimming Club  
Bendigo Health – Trekking for Melanoma  
Bendigo International Madison  
Bendigo Squash Club  
Bendigo Vietnam Veterans Association  
Camp Hill Primary School  
Elm Aged Care  
Heavens Comfort Ministries Bendigo  
JDRF (Diabetes) Fundraiser

Jemima's Gift  
Lioness Club of Golden City  
Lockwood South Primary School  
Maiden Gully Primary School  
Maiden Gully Tennis Club  
Marong Bowls Club  
Marong Racing Club  
Oscars Hut2Hut100 for Autism  
St Kilian's Primary School  
Strathfieldsaye Primary School  
Tarnagulla Primary School  
The Otis Foundation  
Vietnam Veterans Association



# Bendigo UFS Pharmacies Ltd

## Directors' Report

Your Directors present the financial report of the Bendigo United Friendly Societies Pharmacies Ltd for the financial year ended 30 June 2017.

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

### **Roslyn Wai**

Chairman

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

Roslyn is General Manager Corporate Strategy and Governance (Corporate Secretary) at Coliban Water in Bendigo.

She has 26 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. With more than 20 years experience in business, management and finance, having held various executive positions across a broad spectrum of industries, Nicole is also a graduate of the Australian Institute of Company Directors, having held numerous Board positions including Peter Harcourt, St Luke's Anglicare, and St Laurence CRT, Bendigo Basketball Association.

Nicole is currently a director of the Bendigo Spirit.

### **Glenn Reilly**

Director

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

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

### **Geoffrey Cook**

Director

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

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

Geoff has completed the Australian Institute of Company Directors Course.

## Andrew Trewartha

Director  
*BA(Computing)*

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

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

## Stephen Iser

Director

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

He has over 44 years of experience in the retail and trade industry where he commenced his career in the family business in 1972. Stephen is a member for over 20 years of the National Trade and Retail Advisory Committee with the HoME Group and also now joined with the recently merged HoME / Mitre 10 Group. Stephen was a Board and Finance Committee member of The Sandhurst Club (retired 13 years) and recently retired from the Board of the Timber Merchants Association (TMA) of Victoria (5 years) He has been a supporter and volunteer in fundraising for Radius Disability Services, St Lukes Anglicare, and recently 2015/16 fund raising for Very Special Kids (VSK).

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

## PRINCIPAL ACTIVITIES

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

## OPERATING RESULTS

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

Year Ended 30 June 2017	Year Ended 30 June 2016
\$	\$
(142,866)	33,512

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

## ENVIRONMENTAL REGULATION

The company is not subject to any significant environmental regulation.

## 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	9	8
Mr Glenn Reilly	9	8
Ms Nicole Cox	9	7
Mr Stephen Iser	9	5
Ms Kate Hyett (Resigned 6 <sup>th</sup> March 2017)	6	4
Mr Andrew Trewartha	9	9
Ms Roslyn Wai	9	9

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

	Number of Finance Committee Meetings eligible to attend	Number attended
Mr Glenn Reilly	2	1
Ms Nicole Cox	2	2
Mr Stephen Iser	2	2
Mr Andrew Trewartha	2	2

## 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 14.

Signed in accordance with a resolution of the Board of Directors at Suite 2, 379 Hargreaves Street, Bendigo on 27<sup>th</sup> September 2017.



Ms Roslyn Wai  
*Chairman*



Ms Nicole Cox  
*Deputy Chairman*

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

I declare that to the best of my knowledge and belief, during the financial year ended 30 June 2017 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 27<sup>th</sup> day of September 2017



**David Hutchings**  
Lead Auditor

## Bendigo UFS Pharmacies Ltd

### Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June 2017

		2017	2016
	Notes	\$	\$
Revenues	2	14,518,892	14,930,018
Cost of Goods Sold	3	(9,270,811)	(9,757,336)
Salaries & Employee Benefits Expense		(3,123,855)	(3,006,112)
Occupancy and Associated Costs		(324,052)	(298,621)
Depreciation and Amortisation Expense	3	(334,581)	(249,485)
Borrowing Costs	3	(14,149)	(6,927)
General Administration Expenses		(1,594,310)	(1,578,025)
NET PROFIT BEFORE INCOME TAX		<b>(142,866)</b>	<b>33,512</b>
Income Tax	4	<b>0</b>	<b>0</b>
NET PROFIT AFTER INCOME TAX		<b>(142,866)</b>	<b>33,512</b>
TOTAL COMPREHENSIVE PROFIT		<b>(142,866)</b>	<b>33,512</b>

# Bendigo UFS Pharmacies Ltd

## Balance Sheet as at 30 June 2017

		2017	2016
	Notes	\$	\$
<b>CURRENT ASSETS</b>			
Cash Assets	5	14,892	14,292
Trade and Other Receivables	6	783,713	771,067
Inventory		1,278,235	1,268,624
<b>TOTAL CURRENT ASSETS</b>		<b>2,076,840</b>	<b>2,053,983</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant & Equipment	7	2,365,736	2,214,881
Intangibles	8	1,573,511	1,535,000
<b>TOTAL NON CURRENT ASSETS</b>		<b>3,939,247</b>	<b>3,749,881</b>
<b>TOTAL ASSETS</b>		<b>6,016,087</b>	<b>5,803,864</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	1,056,814	1,254,405
Interest Bearing Liabilities	10	351,982	368,434
Provisions	11	486,210	427,152
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,895,006</b>	<b>2,049,991</b>
<b>NON CURRENT LIABILITIES</b>			
Interest Bearing Liabilities	10	541,767	43,944
Provisions	11	72,027	59,776
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>613,794</b>	<b>103,720</b>
<b>TOTAL LIABILITIES</b>		<b>2,508,800</b>	<b>2,153,711</b>
<b>NET ASSETS</b>		<b>3,507,287</b>	<b>3,650,153</b>
<b>MEMBERS FUNDS</b>			
Retained Earnings	12	3,507,287	3,650,153
<b>TOTAL MEMBERS FUNDS</b>		<b>3,507,287</b>	<b>3,650,153</b>



# Bendigo UFS Pharmacies Ltd

## Statement of Changes in Equity for the year ended 30th June 2017

<b>2016</b>		
	<b>Retained Earnings</b>	<b>Total</b>
	\$	\$
Balance at 1st July 2015	3,616,641	3,616,641
Total Comprehensive Income for the year	33,512	33,512
	<b>33,512</b>	<b>33,512</b>
Balance at 30th June 2016	<b>3,650,153</b>	<b>3,650,153</b>
<b>2017</b>		
	<b>Retained Earnings</b>	<b>Total</b>
	\$	\$
Balance at 1st July 2016	3,650,153	3,650,153
Total Comprehensive Income for the year	(142,866)	(142,866)
	<b>(142,866)</b>	<b>(142,866)</b>
Balance at 30th June 2017	<b>3,507,287</b>	<b>3,507,287</b>

# Bendigo UFS Pharmacies Ltd

## Statement of Cashflows for the year ended 30th June 2017

		2017	2016
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers		14,483,862	14,753,707
Cash paid to suppliers and employees		(14,448,921)	(14,628,117)
Rent received		22,128	22,682
Interest received		256	569
Interest paid		(14,149)	(6,927)
Net cash provided by from operating activities	13	<b>43,176</b>	<b>141,914</b>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant & equipment		(523,948)	(159,925)
Net cash used in investing activities		<b>(523,948)</b>	<b>(159,925)</b>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net repayment of borrowings		(2,109)	(49,025)
Net receipt of borrowings		701,372	-
Net cash used in financing activities		<b>699,263</b>	<b>(49,025)</b>
Net increase/(decrease) in cash held		<b>218,491</b>	<b>(67,036)</b>
Cash at the beginning of the financial year		(326,198)	(259,162)
Cash at the end of the financial year	13	<b>(107,707)</b>	<b>(326,198)</b>

# Bendigo UFS Pharmacies Ltd

## Notes to the Financial Statements for the year ended 30th June 2017

### 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 related 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 or excess.

### **(d) Goods and services tax**

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

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

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

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

### **(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 2017 was 10664 (2015: 11328).

### **(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

## **(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**

### **Wages and Salaries, annual leave**

Liabilities for wages and salaries and 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 operating statement 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 2017 (2016: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.

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.

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatory applicable to the company and their potential impact on the company when adopted in future periods is discussed below:

- 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

2017  
\$

2016  
\$

Sales Revenue	14,334,601	14,781,626
Memberships	115,154	103,186
Total revenue from operating activities	<b>14,449,755</b>	<b>14,884,812</b>
NON OPERATING ACTIVITIES		
Rent Revenue	22,128	22,682
Sundry Income	45,008	21,755
Interest Received	256	569
Rebates	1,745	200
Total revenue from non-operating activities	<b>69,137</b>	<b>45,206</b>
Total revenue from Ordinary Activities	14,518,892	14,930,018

## 3. Profit includes the following expenses:

Cost of Goods Sold	<b>9,270,811</b>	<b>9,757,336</b>
Depreciation of non-current assets:		
- Property	215,134	140,968
- Plant and Equipment	119,447	108,517
	<b>334,581</b>	<b>249,485</b>
Borrowing Expenses		
- Interest Paid	<b>14,149</b>	<b>6,927</b>
Bad Debts	<b>193</b>	<b>682</b>
Loss on Disposal of Assets	<b>(3,182)</b>	<b>0</b>

## 4. Income Tax Expense

	2017 \$	2016 \$
Current tax	0	0
Deferred tax	0	0
Income tax expense	<b>0</b>	<b>0</b>
<b>(b) The prima facie tax on profit from activities before income tax is reconciled to the income tax expenses as follows:</b>		
Operating profit	(142,866)	33,512
Prima facie tax on profit @ 30%	(42,860)	10,054
Add tax effect of:		
- Movement in provision for long service leave	4,482	1,118
- Movement in provision for annual leave	2,734	0
- Notional rent expense - inter-entity	9,297	7,875
- Non-deductible entertainment	748	967
- Wage accruals	1,527	1,995
- Tax losses not brought to account	91,904	84,889
	<b>110,693</b>	<b>96,844</b>
Less tax effect of:		
- Mutual profit	39,328	81,412
- Movement in provision for annual leave	0	761
- Additional building capital allowances	4,637	4,637
- Notional rent income - inter-entity	23,868	20,088
	<b>67,833</b>	<b>106,898</b>
Income tax on operating profit	<b>0</b>	<b>0</b>
<b>Tax Losses (tax effected)</b>		
Opening balance	694,521	609,632
Future income tax benefit not brought to account	91,904	84,889
Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain. Future income tax benefit carried forward is:		
	<b>786,425</b>	<b>694,521</b>

As at 30 June 2017, the balance of the gross carried forward tax losses is \$2,621,417 (tax effected: \$786,425 ) (2016: \$2,315,069 gross, tax effected \$694,521 ).

## 5. Cash

	2017 \$	2016 \$
Cash at Bank and on Hand	14,892	14,292
	<b>14,892</b>	<b>14,292</b>

## 6. Trade and Other Receivables

Trade Debtors	279,720	256,971
Government - PBS Remittances Outstanding	428,140	445,036
Prepayments	75,853	69,060
	<b>783,713</b>	<b>771,067</b>

## 7. Property, Plant & Equipment

PLANT AND EQUIPMENT		
At cost	1,476,553	1,328,935
Less accumulated depreciation	(1,127,992)	(1,013,949)
	<b>348,561</b>	<b>314,986</b>
BUILDINGS		
At cost	3,102,485	2,769,153
Less accumulated depreciation	(1,466,254)	(1,250,202)
	<b>1,636,231</b>	<b>1,518,951</b>
LAND		
At cost	380,944	380,944
	<b>380,944</b>	<b>380,944</b>
Total Written Down Amount	<b>2,365,736</b>	<b>2,214,881</b>
<b>Movements in carrying amounts</b>		
PLANT AND EQUIPMENT		
Carrying amount at the start of the year	314,986	275,686
Additions	150,799	147,817
Disposals	(3,182)	0
Depreciation	(114,042)	(108,517)
Carrying amount at the end of the year	<b>348,561</b>	<b>314,986</b>
BUILDINGS		
Carrying amount at the start of the year	1,518,950	1,647,811
Additions	332,415	12,107
Disposals	0	0
Depreciation	(215,134)	(140,968)
Carrying amount at the end of the year	<b>1,636,231</b>	<b>1,518,950</b>
LAND		
Carrying amount at the start of the year	380,944	380,944
Carrying amount at the end of the year	<b>380,944</b>	<b>380,944</b>
Total written down amount	<b>2,365,736</b>	<b>2,214,880</b>

2017  
\$

2016  
\$

## 8. Intangible Assets

Goodwill at Fair Value	1,535,000	1,535,000
	<b>1,535,000</b>	<b>1,535,000</b>
INTANGIBLES		
At cost	43,916	-
Less accumulated amortisation	(5,405)	-
	38,511	0
Total written down amount	<b>1,573,511</b>	<b>1,535,000</b>
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	0	-
Additions	43,916	-
Disposals	0	-
Depreciation	(5,405)	-
Carrying amount at the end of the year	38,511	0
Total written down amount	<b>1,573,511</b>	<b>1,535,000</b>

## 9. Trade and Other Payables

Trade Creditors	770,324	923,859
Other Creditors and Accruals	286,490	330,546
	<b>1,056,814</b>	<b>1,254,405</b>

## 10. Borrowings

(a) Current		
Bank Overdraft	122,599	340,490
Bank Loans	149,410	8,164
Other	79,973	19,780
	<b>351,982</b>	<b>368,434</b>
(b) Non-current		
Bank Loans	361,067	41,712
Other Loans	180,700	2,232
	<b>541,767</b>	<b>43,944</b>

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 5.00% and 6.50%. The repayment terms are between 3 and 5 years.

2017  
\$

2016  
\$

## 11. Provisions

(a) Current		
Employee entitlements	<b>486,210</b>	<b>427,152</b>
(b) Non-current		
Employee entitlements	<b>72,027</b>	<b>59,776</b>
Number of employees at the end of the financial year.	77	77

## 12. Retained Earnings

Balance at the beginning of the financial year	3,650,153	3,616,641
Net Profit/(Loss) from ordinary activities after Income Tax	(142,866)	33,512
Balance at the end of the financial year	<b>3,507,287</b>	<b>3,650,153</b>

## 13. Statements of cashflows

<b>Reconciliation of cash</b>		
Cash on Hand	14,892	14,292
Bank Overdraft	(122,599)	(340,490)
	<b>(107,707)</b>	<b>(326,198)</b>
<b>Reconciliation of profit after tax to net cash provided by operating activities</b>		
Profit from ordinary activities after income tax	(142,866)	33,512
Non-cash items:		
- Depreciation	334,581	249,485
Changes in assets and liabilities:		
- Increase in receivables	(12,646)	(153,061)
- Increase in inventories	(9,611)	(94,993)
- Increase/(Decrease) in payables	(197,591)	103,432
- Increase in provisions	71,309	3,539
Net cashflow provided by operating activities	<b>43,176</b>	<b>141,914</b>

## 2017                      2016

## \$                              \$

# 14. Auditor's Remuneration

Amounts received or due and receivable by the auditor of the company for:		
- Auditing the financial accounts	15,850	18,705
- Other services in relation to the company	1,350	575
	<b>17,200</b>	<b>19,280</b>

# 15. Related Party Transactions

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

	2017	2016
	\$	\$
Ms Roslyn Wai		
Ms Nicole Cox		
Mr Geoff Cook		
Ms Kate Hyett		
Mr Stephen Iser		
Mr Glenn Reilly		
Mr Andrew Trewartha		
Directors'		
Remuneration	87,864	86,055

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:

\$10,001	-	\$20,000	7	7
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Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

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

# 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

2/715 Calder Highway Maiden Gully 3555

## 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.

#### 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 Statement of Financial Position and notes to the financial statements.

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

Financial Instrument	Floating Interest Rate		Fixed Interest rate maturing in						Non Interest Bearing		Weighted Average Effective Interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Financial assets</b>												
Cash at Bank											0.00%	0.00%
Receivables									783,713	771,067		
<b>Financial Liabilities</b>												
Trade and Other Payables	351,982	368,434									2.33%	2.09%
Borrowings - Current												
Borrowings - Non-current	361,067	41,712			180,700	2,232			1,056,814	1,254,405	1.94%	1.91%

## (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 2017 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:

		2017	2016
		\$	\$
Change in Profit			
Increase in interest rate by	2%	(4,415)	2,951
Decrease in interest rate by	2%	4,415	(2,951)
Change in Equity			
Increase in interest rate by	2%	(4,415)	(2,951)
Decrease in interest rate by	2%	4,415	2,951

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.



# Bendigo UFS Pharmacies Ltd

## Directors Declaration

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

In accordance with a resolution of the directors of Bendigo UFS Pharmacies Limited, the directors declare that:

- 1.** The financial statements and notes, as set out on pages 19 to 33 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 2017 and of the performance of the company for the year ended on that date of the company in accordance with the accounting policies described in Note 1 of the financial statements.
- 2.** In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Ms Roslyn Wai  
*Chairman*



Ms Nicole Cox  
*Deputy Chairman*

Signed on the 27<sup>th</sup> September 2017.

# Independent Auditor's Report



Partners in success

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 2017 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:

- ✓ Statement of financial position
- ✓ Statement of profit or loss and other comprehensive income
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ 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 the 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 independence declaration and 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. The draft annual report had been prepared and 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.

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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 2017 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 27<sup>th</sup> day of September 2017



**David Hutchings**  
Lead Auditor