



UFS Dispensaries

ANNUAL REPORT

2018/2019







UNITED FRIENDLY SOCIETIES
✦ DISPENSARY ✦

UNITED
FRIENDLY
SOCIETIES
DISPENSARY



UNITED
FRIENDLY
SOCIETIES
DISPENSARY



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About us, our missions and our values

ABOUT US

UFS Dispensaries is a mutual organisation owned by our members, any profits we generate are invested back into the business for the benefit of our members, customers and the community. This means we are keen supporters of a range of initiatives, organisations and community groups in the locations our businesses operate.

All members have the opportunity to participate in company affairs by attending the Annual General Meeting which will be held in November this year.

UFS Pharmacies

UFS operates 17 pharmacies in the western region of Victoria and three in the inner north of Melbourne. Our pharmacies are renowned for delivering professional, caring and trusted advice, with exceptional service and a personalised approach.

www.ufs.com.au

UFS Medical

We operate three medical clinics, located centrally in Ballarat, providing a wide range of healthcare services staffed by an experienced and compassionate team of doctors and healthcare professionals.

www.ufsmedical.com.au

Peace & Quiet Day Spa

Our award winning day spa in the heart of Ballarat offers an indulgent range of luxurious treatments, including facials, relaxation and pregnancy massage, remedial massage, body treatments and more. P&Q MediSpa offers the very best in anti-ageing solutions delivered by our highly trained female GP.

www.peaceandquiet.com.au





Our Mission

UFS AIMS TO IMPROVE THE HEALTH OF OUR MEMBERS AND THE LOCAL COMMUNITY

Our Values

- Focus on members
- Provide professional services
- Connected to our community
- Operate with high ethical standards
- Support our staff
- Lead innovation in health care
- Provide leadership in health solutions



ADMINISTRATION

As at 30 June 2019

Chief Executive Officer

Ms Lynne McLennan *B.Sc, MBA, D.Univ (h.c.), FAICD*

Executive Assistant

Mrs Mariska Pelchen

Operations Manager - Pharmacy

Mr Tony Diamond *Dip.Mgt*

Operations Manager - Primary Care

Ms Talei Deacon *B.Sc. (Biomed), Grad.Dip (HSM), GAICD*

Operations Coordinator

Mrs Dianne Chillingsworth *Adv Dip Bus HR*

Pharmacy Clinical Advisor Deputy Operations Manager

Mr Peter Fell *B.Pharm, M.P.S*

Professional Services Pharmacist

Mrs Li Yen Hoo *B.Pharm (Hons), AACPA, CDE, M.P.S*

Professional Services Pharmacist

Mrs Rebecca Livori *B.Pharm, GradCert Pharm Prac, M.P.S*

Professional Services Pharmacist

Mrs Sarah Barnes *B.Pharm, M.P.S*

Operations Administration Assistant

Ms Philippa Dodd

Administration Officer

Ms Michelle Dooley

Clinical Nurse Manager

Mrs Tamara Warland *RN Div1*

Purchasing & Logistics Manager

Mr Greg Harbridge *B.AppSc (Tex. Chem), GAICD*

Product Manager

Ms Karyn Cody

Product Manager

Mrs Angela Lawler *Adv.Dip.Bus.Mgt*

Product Manager

Mrs Amy Bennett *MA*

Warehouse Manager

Mr Tristan Moore

Purchasing Officer

Mr Jason Stevens

Purchasing Administration Officer

Mrs Marie Loader

Purchasing Administration Officer

Mrs Pam Moller

Marketing & Business Development Manager

Ms Heather Taylor *B.Bus, GAICD*

Marketing Officer

Mrs Amy Glover

Marketing Officer

Miss Meg Scanlon *B.Des*

Marketing Officer

Mrs Trudy Olszewski

Business Development Project Manager

Ms Samantha Elshaug *B.Mgt (Marketing), Dip Proj Mgt, GAICD*

Graphic Designer

Mr Paolo Tami *B.Des, MCM*

Employee Services Manager

Ms Jodie Kennedy *B.A, Adv Dip Mgt*

Employee Services Officer

Mrs Tania Lund *Adv Dip Mgt*

Employee Services Officer

Ms Leisel Oliver

Employee Services and Operations Officer

Mrs Melina Scobie

Finance Manager

Mrs Julie Hawkins *B.Bus (Acc), CPA, Grad.Dip.Ed, GAICD*

Business Analyst

Mr Angus Diamond *Dip.Proj.Mgt*

Financial Accountant

Mrs Sashikala Wijesinghe *CPA (Aus), ACMA (UK), FCPA (Bots), BCom (Hons SL)*

Payroll Coordinator

Miss Verity Savage

Accounting Assistant

Mrs Kerri Bates

Accounting Assistant

Ms Leona McGuane

Accounting Assistant

Ms Michelle Mercer

Accounting Assistant

Ms Janeen Smith

Systems Improvement Manager

Mr Mark Thornton *B.Comp, Dip.Proj.Mgt*

IT Support Officer

Ms Anusha Raveendran *B.IT*

IT Support Officer

Mr Aaron Grundy *B.IT*

IT Support Officer

Mr Robert Schenk *Grad.Dip.Computing, Grad.Dip.Bus, Dip.Com.Prog*

Facilities Manager/Innovation Lead

Mr Chris Martin *B.Bus, Dip.Proj.Mgt, Dip.Sus, GAICD*

PHARMACIES

Bacchus Marsh Pharmacy

Manager

Mrs Joy Durham *B.Pharm, M.P.S, Dip.Mgt*

Retail Coordinator

Ms Brooke Wilson

Bacchus Marsh Village Pharmacy

Manager

Mr Simon Rudderham *B.Pharm*

Retail Coordinator

Ms Brooke Wilson

Ballan Pharmacy

Manager

Mrs Denise Drew *B.Pharm*

Retail Coordinator

Mrs Sarah Pandur

Beaufort Pharmacy

Manager

Mrs Deb Grey *B.Pharm*

Retail Coordinator

Miss Lori Gardiner

Bridge Mall Pharmacy

Manager

Mrs Kathryn Fischmann *B.Pharm, M.P.S*

Retail Coordinator

Ms Kerrie Read

Buninyong Pharmacy

Manager

Mrs Katherine John *B.Sc.Pharm*

Retail Coordinator

Mrs Katherina Cartledge

Delacombe Pharmacy

Manager

Ms Kirsty Benoit *B.Pharm*

Retail Coordinator

Ms Jeni Goodman

Doveton Street Pharmacy

Manager

Mr Pick Yaw Lai *B.Pharm Hons*

Retail Coordinator

Mrs Lia Cody

Gisborne Pharmacy

Manager

Mr Ryan Alexander *B.Pharm*

Retail Coordinator

Miss Alana Seddon

Hardy's UFS Pharmacy

Manager

Mr Ryan Alexander *B.Pharm*

Retail Coordinator

Mrs Tina Scott

Melton Central Pharmacy

Manager

Ms Evelyn Lee *B.Pharm*

Retail Coordinator

Ms Alyssa Etherton

Melton South Pharmacy

Manager

Mr Faramarz Aghdassi *B.Pharm*

Retail Coordinator

Ms Narelle Ball

Mt Clear Pharmacy

Manager

Mr Kane Vorbach *B.Pharm.Sci, M.Pharm*

Retail Coordinator

Ms Ashlee Schumann

Sebastopol Pharmacy

Manager

Mr Matthew Chester *B.Pharm, M.P.S, Adv.Dip.Bus.HR*

Retail Coordinator

Mrs Jenny Cameron

Sturt Street Pharmacy

Manager

Ms Emma Nikkerud *B.Pharm*

Retail Coordinator

Mrs Michelle Bennetts

Victoria Street Pharmacy

Manager

Mr Stewart Sheriff *B.Pharm, M.P.S*

Retail Coordinator

Mrs Caitlin Atkinson

Wendouree Pharmacy

Manager

Ms Megan Fell *B.Pharm, M.P.S*

Retail Coordinator

Mrs Morena Rasmussen

MEDICAL

Practice Manager

Ms Michele Turner

Practice Coordinator

Bridge Mall

Ms Olivia Lockhart

Practice Coordinator

Doveton St

Ms Emily Radojevic

Practice Coordinator

Sturt St

Mrs Wendy Johnstone

GP Advisor

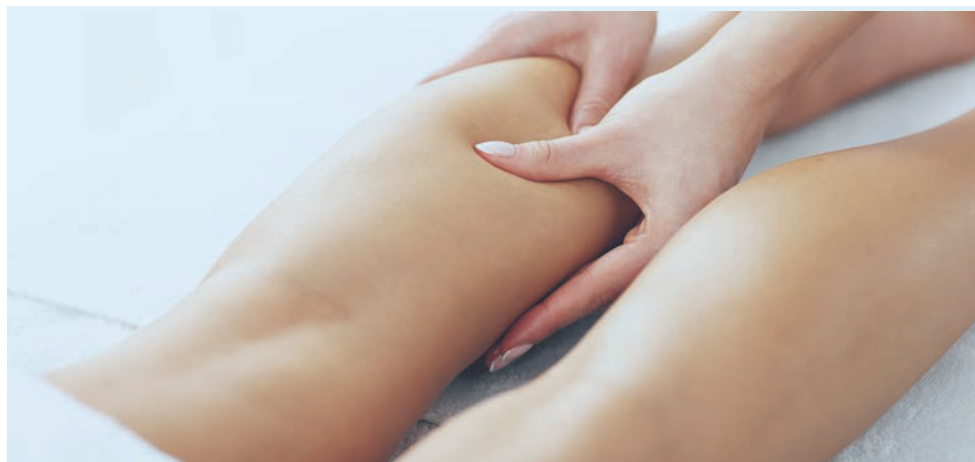
Dr Colin Crook *MBBS DipRACOG*



PEACE & QUIET

Centre Manager

Ms Tracie Moodley



Solicitors

Heinz & Partners, Ballarat

Auditors

RSM Australia Partners

Bankers

Commonwealth Bank

Registered Office

206 Armstrong St Nth,
Ballarat 3350

2018-2019

SOLAR PANEL INSTALLATION PROGRAM

The solar panel installation program commenced in October 2018, installing solar panels on all ten UFS-owned buildings.

This was just one of several initiatives that demonstrated our commitment to reducing our impact on the environment. Another initiative was the removal of single use plastic bags from all of our stores a year ahead of the mandated ban in Victoria.



NEW ROBOTIC DISPENSING AT BRIDGE MALL PHARMACY

An advanced robotic dispensing machine was installed at the Bridge Mall UFS Pharmacy in late 2018. This has freed up our pharmacists to spend more time consulting with patients and providing more in-depth advice and consultations.



SECOND UFS PHARMACY IN BACCHUS MARSH OPENED

The former Nova pharmacy at the Bacchus Marsh Village shopping centre was purchased in December 2018, becoming the second UFS pharmacy in this growing regional town, located 60km east of Ballarat.



LAUNCH OF PEACE & QUIET MEDISPA SERVICES

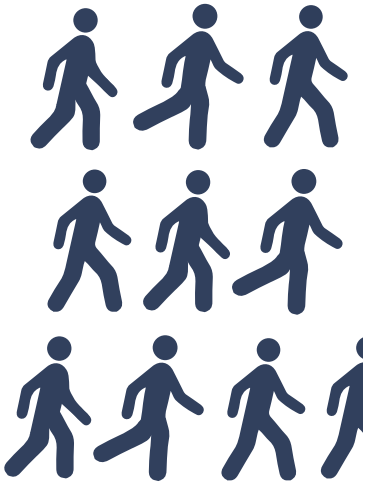
A celebration was held at Peace & Quiet in November 2018 following the launch of the P&Q MediSpa rejuvenation clinic. General Practitioner Dr Padma Bhaskar provides anti-ageing treatments to the highest clinical standards in the beautifully tranquil environment that is Peace and Quiet.

ONE VOICE CHOIR COMES TO BALLARAT

UFS was delighted to bring the *With One Voice Choir* to Ballarat in early 2019. Increasing evidence shows there are many health benefits from singing, both from a physiological and mental health perspective. The choir meets weekly at the UFS central administration office. There are no auditions and no singing experience is necessary – those interested simply turn up on the night.



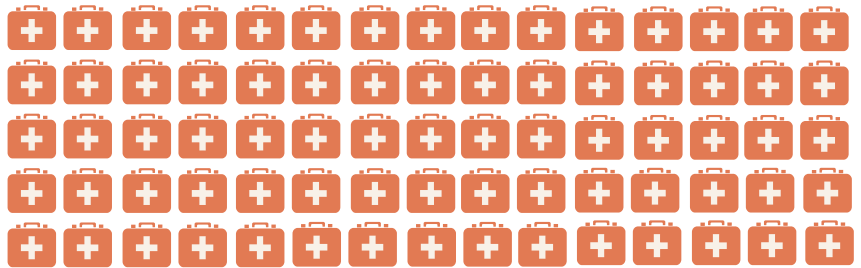
Highlights



UFS members visited our stores an average of **9.67 times** throughout the year!

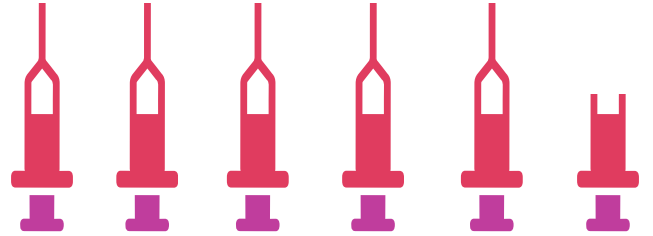
FIRST AID

A total of **30 pharmacists** completed a first aid course and **75 staff** completed a mental health first aid course.



1,441,888 SCRIPTS

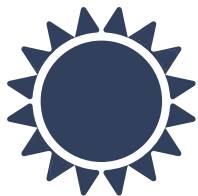
Our immunisation accredited pharmacists were able to relieve the pressure on medical centres during the year by administering over **5,600 flu vaccinations in our pharmacies.**



89,000

Three blue plastic bags are shown, with the number '0' inside each bag, representing the number of single use plastic bags saved.

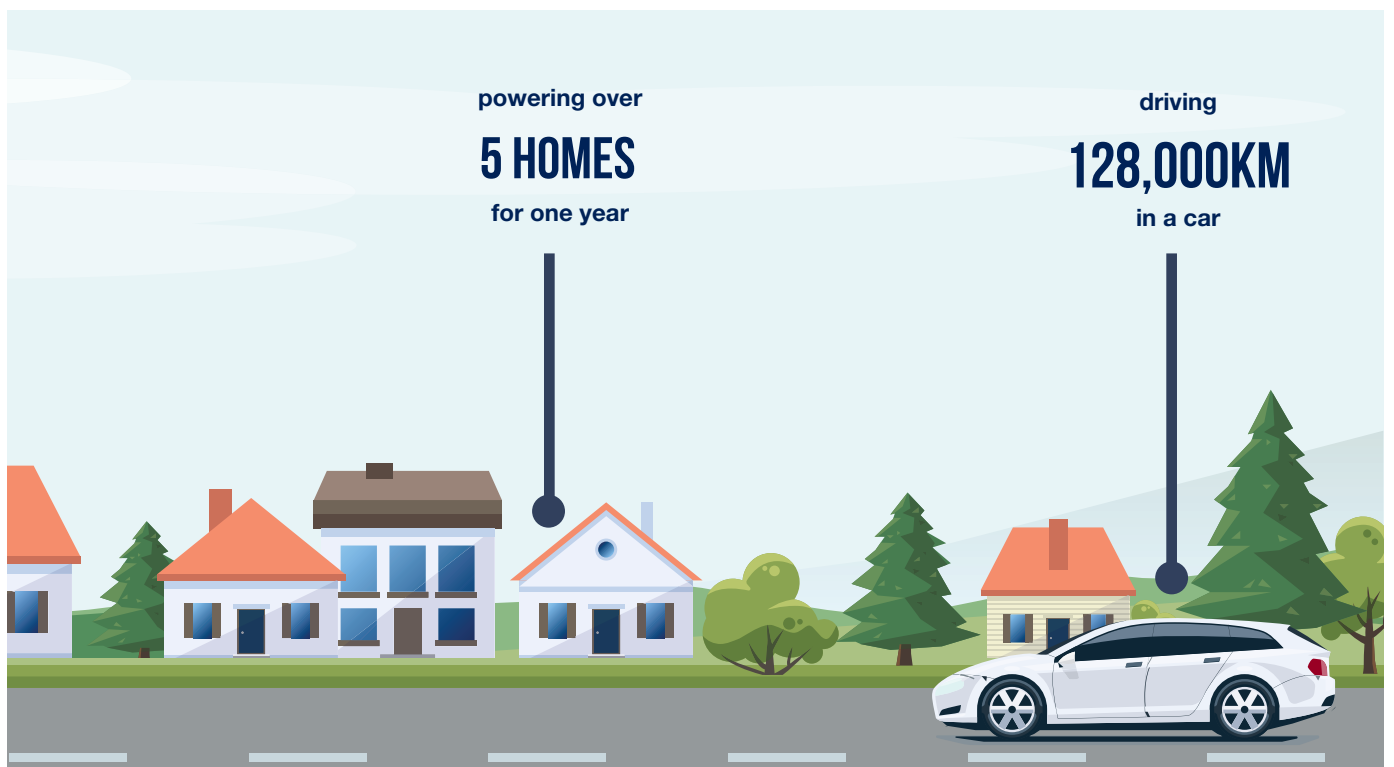
The number of single use plastic bags that were saved from entering the environment in the 2018/19 financial year, due to their removal from our stores in October 2018.



We generated **31,166 KWH** of electricity with our solar panels...



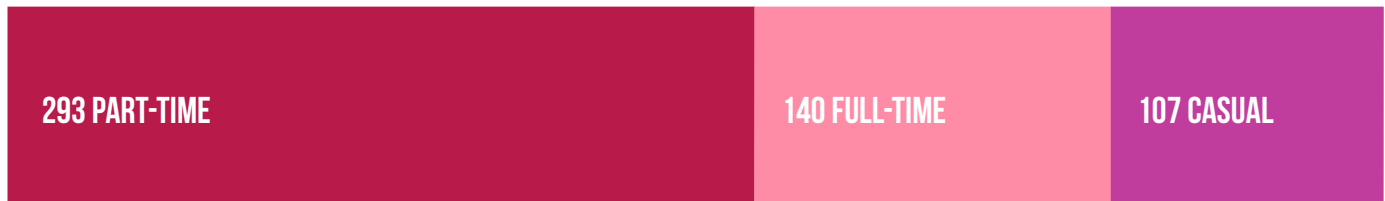
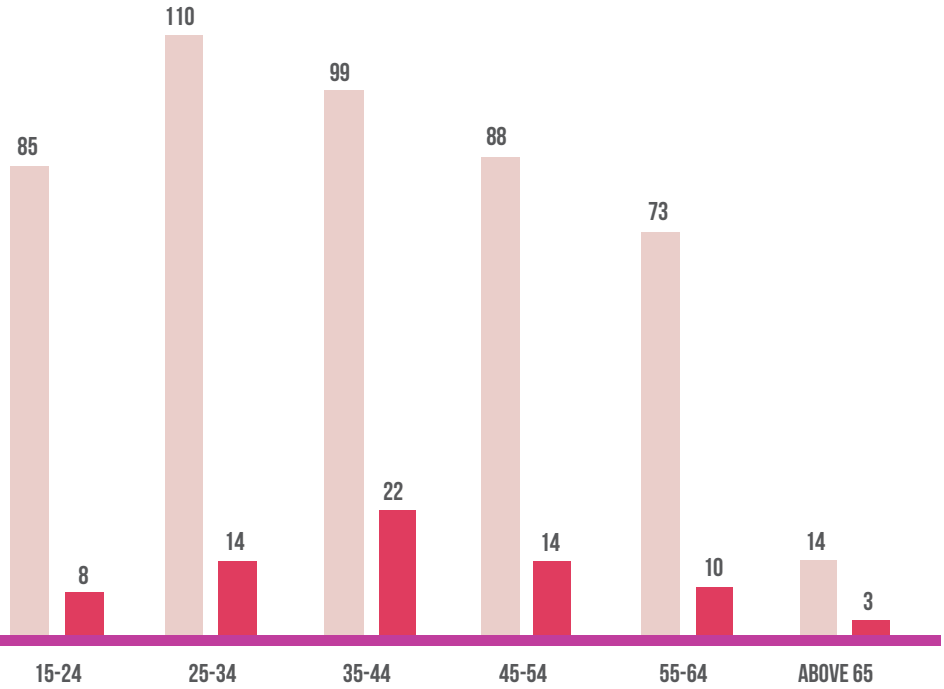
...which equates to a saving of **33 tonnes of Co2**, the same amount produced as...



STAFF GENDER AND AGE BREAKDOWN

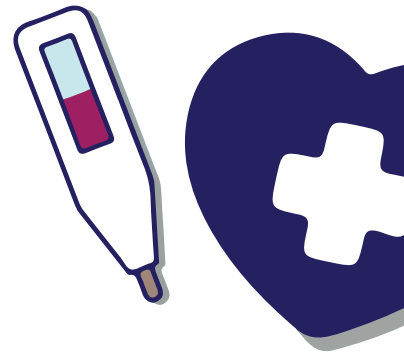
At the end of the 2018/19 financial year **UFS had 540 employees.**

female
male



Not at UFS! **We maintained Sunday penalty rates for staff for a total of 9,098 hours.** A huge benefit to our hard-working weekend staff.

SUPERCARE PHARMACY NURSES



Across **16 Supercare Pharmacies** UFS manage there were a total of **21,257 Supercare nurse appointments**.

UFS MEDICAL

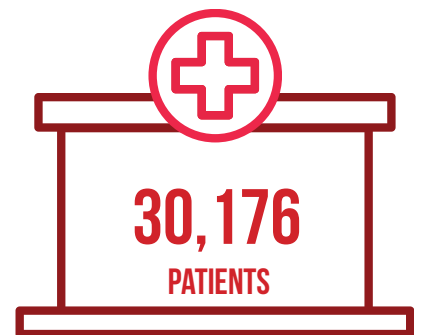
UFS medical had a total number of **169,912 patient attendances** across our 3 medical centres.



**Doveton Street
Medical**



**Bridge Mall
Medical**



**Sturt Street
Medical**

+ 25,000 NURSE APPOINTMENTS **+ 10,000 ALLIED HEALTH APPOINTMENTS**



CHARITABLE DONATIONS

UFS Dispensaries supports both members and the regional community. This is demonstrated through the Company's commitment to supporting local business and community groups. The following donations have been made to support local community organisations through 2018/19.

Total value of sponsorship and donations for 2018/2019 period was \$58,750.

Sponsorships

Avenue Bowling Club Bacchus Marsh
Ballan Autumn Festival
Ballan Golf Club
Ballarat Agricultural & Pastoral Society
Ballarat Bridge Club
Ballarat Health Services Mens Health
Ballarat High School
Ballarat International Foto Biennale
Ballarat Malayalee Association - Kerala (India) Flood Appeal
Ballarat Masters Football Club
Ballarat Swimming Club
Beaufort Bowling Club
Beaufort Golf Club
Bonshaw Kindergarten
Bravehearts
Buninyong Bowling Club
Buninyong Little Athletics
Cordelia's Potted Operas
Darley Junior Football Netball Club
Eureka Netball Club
Gina's Dream Team (Indigenous Netball Team)
Gisborne Football Netball Club
Gisborne Lions Club Festival
Gisborne Saints Netball Club
Heartbeat Ballarat
Hepburn Springs Golf Club

Lions Club of Ballarat
Macedon Ranges Health
McCallum
Moorabool Light Orchestra
Mothers Day Classic
Mount Clear Football Club
Mount Clear Cricket Club
Mount Macedon Golf Club Inc
Not In My Workplace
One Voice Choir
Opera Van Diemens Land
Organs of the Ballarat Goldfields
Palliative Care Conference
Pharmacists' Support Service Inc.
PS My Family Matters
Pyrenees Art Exhibition
Ronald McDonald House Charities
Rotary Club of Bacchus Marsh
Rotary Club of Ballarat South
Royal South Street
Run for a Cause
ScriptWise
Sebastopol Football Netball Club
Special Olympics Ballarat Region
The Ballarat Foundation
United Way
Victoria Bowling Club
Webbcona Bowls Club
WRISC Van Go

Donations

161 Reece Flight Vietnam Veterans Unit
2 Easy Inc
AAA Sports
Aquinas College
Bacchus Marsh & District Indoor Bias Bowls
Bacchus Marsh Golf Club
Bacchus Marsh Montessori Preschool
Bacchus Marsh Rotary Club
Ballan Child Care Centre
Ballan District Health & Care
Ballan Football Netball Club
Ballan Kindergarten
Ballan Lions Club Skate Park Group
Ballan Primary School
Ballarat Bowling Club Inc - Good Friday Appeal
Ballarat Centre for Music & the Arts
Ballarat Christian College
Ballarat Clarendon College MND Fundraiser
Ballarat Community Garden Harvest Festival
Ballarat Day View Club
Ballarat East Rotary Club
Ballarat Emergency Services 000 Ball
Ballarat Eureka Strikers
The Ballarat Foundation
Ballarat Lyric Theatre
Ballarat Mental Health
Ballarat Pink Phoenix
Ballarat Roller Derby League

Ballarat SES	Friends of Loreto	Pink Ribbon Breakfast - Lauren Donald
Ballarat Ultimate Inc	Girls Night In - Christine Beswick	Pressure Cheer & Dance
Beaufort Diabetes Support Group	Girls Night In - Michelle Gunn	Red Knights Motorcycle Club
Beaufort Football Netball Club	Gisborne & District Lions Club	Relay for Life - Team Dynamite
Beaufort Primary School	Gisborne CFA	Rokewood Kindergarten
Biggest Morning Tea - Harrybilt Engineering & Welding Services	Gisborne Golf Club	RotaKids
Biggest Morning Tea - Margaret Robinson	Gisborne Vet Clinic	Sally's School of Dance
Biggest Morning Tea - Tegan Stevenson	HairAid	Scouts Alfredton Group
Biggest Morning Tea - UFS Medical	Ingenia Gardens Senior Expo	Sebastopol Primary School
Bluebird Bakery Hill	Japara (Kelaston)	Sebastopol RSL Women's Auxiliary
Bolinda Primary School	Kurunjang Secondary College	Shake It Up Parkinson's Research - Nanny My
BRICC Wellness Centre	Kyneton Secondary College	Simon Forbes
Bullengarook Rural Fire Brigade	Lake Imaging	Skipton Community Shop
Bungaree Primary School	Lakeside Anglers Club Inc	Soldiers Hill Kindergarten
Buninyong-Mount Helen Fire Brigade	Leukaemia Foundation Lauren Scott	Space for Siblings
Buninyong Football Netball Club	Lexton Golf Club	Sri Lanka Project
Buninyong Primary School	Little Bendigo Primary School	St Aloysius Parish School
Cancer Council - Bronwyn Mills	Lorraine Bott World's Greatest Shave	St Andrews Uniting Church
Carngham Linton Football Netball Club	Macedon Kindergarten	St Brigids Primary School Ballan
Damascus College	Mechanics Institute	St Brigids Primary School Gisborne
Dancing Ballroom	Miners Rest Lions Club	St Columba's School
Dancing Friends Incorporated	Miners Rest Primary School	St Matthews Anglican Church
Daniher's Drive	Mothers of Preschoolers (MOPs)	St Patricks Primary School Gordon
Darley Primary School	MS Walk & Fun Run	Tabitha Foundation
Down Under Extreme Cowboys	Mount Clear Church of Christ	There for Clare
Elmhurst Golf Club	Mount Clear Scouts	Tiarna's Run for Research
Federation University Pipe Band	Mount Pleasant Primary School	Victoria Park Football Club
Fidelity	Navigators Community Centre	Voice FM Community Radio
	Nazareth House	Woodmans Hill Secondary College
	Otis Breast Cancer Foundation	York Street - Kids Hope



CHAIRMAN'S REPORT

On behalf of the Board I am delighted to present our 2019 Chairman's Report.

It is a time to reflect with pride on how UFS has grown and developed into a health service provider covering pharmacy, medical, nursing and ancillary health offerings. Our mission is to improve the health of our members and the local communities we operate in. Our strategic acquisitions over past years and indeed during the current year continue to increase as does our standing in the communities we serve. Members can be incredibly proud of the way the organisation continues to evolve; building on and accelerating the work of the past.

Our revenue and profit growth exceeded our plans in an ever-increasing challenging external environment. We are continually confronted by the ongoing adjustments to the pharmaceutical benefits scheme and the growth of the discount chains. These events have, however, made our organisation stronger and more resilient as we continue to review our cost structures and look for better ways to serve our members. This review unfortunately led to the closure of Cherub Gifts which had been a long-standing part of our business but was no longer financially viable.

During the year the Board, CEO and the leadership team undertook a review of our Strategic Plan to ensure we remained aligned to our mission and remain focused on being a healthcare provider meeting the needs of its members. This process ensured alignment of our business plan and innovation programs to our strategic direction.

UFS is a mutual organisation and our profit is retained within the organisation to provide benefit to members and the community. In addition to our sponsorship and donation program of \$58,750 during the year, the establishment of a One Voice Choir is an example of an innovative program to provide healthcare to our members and community.

We have recently initiated a restructure of our Operations function to ensure we continue to be an agile organisation with a clear focus on our mission. The UFS brand is associated with excellence in service and high-level professionalism of our staff, doctors, pharmacists, retail teams and the Board.

Our success is all about our people; our CEO continues to challenge the organisation and maintain a strong focus on our innovation programs. We have an outstanding leader, a strong and engaged leadership team and a dedicated team of healthcare professionals and staff across the organisation to serve you, our members.

I thank my fellow members of the Board for the dedication, commitment and expertise that they bring to make UFS the well-governed, accountable and vital organisation it is today.

Graeme Dixon
Chairman



CHIEF EXECUTIVE OFFICER'S REPORT

Along with achieving an excellent financial result, UFS continues to expand its health service offering to members through additional pharmacies, increased medical services and innovative well-being programs. The Bacchus Marsh Village pharmacy (formerly Nova) commenced trading as UFS in December 2018, and a major refit has been designed to create a state-of-the-art contemporary pharmacy.

As well as substantial growth, there has also been some contraction, with Cherub Gifts closing in March after over 20 years as a popular shopping destination for members. It is increasingly difficult to maintain the viability of bricks and mortar retail outlets in the age of online shopping. However, a number of the most popular Cherub ranges are now stocked at select UFS pharmacies.

Our program of innovation has this year supported the establishment of a One Voice Choir in Ballarat. This is a diversity choir, and people from all walks of life are welcome to join; best of all there are no auditions! The choir has had an excellent start and, once firmly established, we will consider establishing additional choirs in other communities that we serve. We are extremely appreciative of the substantial financial support provided to the Choir by the Buninyong & District Community Bank.

UFS staff continue to work on reducing the environmental impact of our businesses and solar panels are now installed on all ten UFS-owned properties. We have also replaced all plastic bags with either re-usable shopping bags or paper bags made from sustainable sources, with these changes being welcomed by our customers and members.

One of the major challenges still facing UFS is the ongoing difficulty of recruiting experienced GPs to Ballarat. We farewelled popular long-term GP Dr Bob

Hinchey on his retirement in November 2018. Bob was one of the first GPs to join UFS Medical when it was established in 2008.

Our other major challenge is ensuring that the value of community pharmacy, and in particular friendly society pharmacy, in the healthcare sector is adequately recognised by the Federal Government. Funding for pharmacy via the PBS is largely determined by the Community Pharmacy Agreement (CPA) between the Government and the Pharmacy Guild of Australia. These agreements operate for five years and negotiations are currently underway for the next Agreement due to commence on 1 July 2020. As a consequence of this process, there has been a lot of press interest in the role pharmacy plays in healthcare, with various interest groups, such as the AMA and large discount chains gaining publicity for offering blatantly self-serving opinions on the role and function of pharmacy.

It is our view that maintaining a viable network of full-service high-quality pharmacies and allowing pharmacists to practice to the full scope of their qualifications is critical to improving the health outcomes of the communities that we serve. UFS members who wish to assist in advocating for our healthy future are urged to contact their local Federal parliamentarian to let them know of the value you receive from your local UFS pharmacist.

The many achievements of the last twelve months have only been possible because of the hard work and commitment of our directors, staff and health practitioners. I would like to thank everyone for their contribution to fulfilling our purpose to improve the health of our members and local communities.

Lynne McLennan
Chief Executive Officer



Mr Graeme H Dixon **Chair**

Qualifications

Dip Bus, Bachelor Bus, FCPA, FCIS, and FGIA

Experience

Appointed to the Board in 2011. Mr Dixon has 40+ years of corporate finance/accounting/treasury and company secretarial experience. Mr Dixon is now a retired business executive who was previously General Manager of the FMP Group of companies. He has held directorships in a number of Australian and Asian group related companies and was a Director of Ballarat Health Services for six years. He is a member of the Finance, Audit & Risk Management Sub-Committee of the Committee for Ballarat and he is a Board member and Chair of the Fiona Elsey Cancer Research Institute.

Special Responsibilities

As Chair of the Board, Mr Dixon is an ex-officio member of all Board Committees.



Ms Virginia Fenelon **Deputy Chair**

Qualifications

HDTS, M.Ed, FAICD

Experience

Appointed to the Board in 2014. Ms Fenelon is currently working as an Education and Training Consultant. She held various senior education roles at Federation University, executive and senior roles in TAFE and taught in secondary schools. Ms Fenelon has wide experience as a Director on education boards across all education sectors and was a Director on the Ballarat Health Services Board 2009-2015. She is currently a Director on The Gordon TAFE Board and the Ballarat Tramway Museum Board.

Special Responsibilities

Chair of the Business Development Committee.



Mrs Peta L Clark

Qualifications

CPA, Grad. Dip. CSP, MAICD

Experience

Appointed to the Board in 2004. Mrs Clark has over 20 years' corporate accounting experience. Mrs Clark is currently the Chief Financial Officer for Haymes Paint. Mrs Clark is a Director of Beaufort and Skipton Health Service and is a community member of the Committee for Ballarat.

Special Responsibilities

Chair of the Audit & Risk Committee.



Ms Jacinta M Rivett

Qualifications

B.A. LLB, GAICD

Experience

Appointed to the Board in 2007. Ms Rivett is General Counsel for Ambulance Victoria (AV), with over 15 years' legal experience. Current member of the Ballarat Regional AICD Committee and past member of the Human Research and Ethics Committee for St John of God and Ballarat Base Hospitals. Ms Rivett has also been a Director of Ballan and District Hospital and a member of a number of Law Institute of Victoria Committees and local associations and organisations.

Special Responsibilities

Chair of the Clinical Governance Committee and Member of the Business Development Committee.



Mr Ian G Schrader

Qualifications MAICD

Experience Appointed to the Board in 1977. Mr Schrader was a director of Druids Friendly Society for thirty years and was a director of Parkglen Retirement Village for twenty-five years. Prior to his retirement from full-time employment, Mr Schrader owned and operated his own printing company.

Special Responsibilities Member of the Audit & Risk Committee.



Ms Gina Lyons

Qualifications MBA, Practitioner's Certificate in Mediation, GAICD

Experience Appointed to the Board in 2015. Ms Lyons has over 20 years' experience in Executive roles in Health, Local Government, Higher Education and Marketing Communications. Since 2012 Ms Lyons has operated her own consulting business providing strategic, organisation development and change management expertise to clients. Ms Lyons has wide experience as a Director on health, tourism and NFP Boards.

Special Responsibilities Member of the Audit & Risk and Remuneration Committees.



Mr David Lenehan

Qualifications Grad Dip Health Administration

Experience Appointed to the Board in 2017. Mr Lenehan retired from his position as CEO of Hepburn Health Service in 2013 after a long career in health and hospital management. Mr Lenehan has extensive experience in financial and health services management and, following retirement, has undertaken some relieving CEO work in rural hospital and community health services. Mr Lenehan is currently a Director of Beaufort and Skipton Health Service.

Special Responsibilities Member of the Business Development and the Clinical Governance Committees.



Mr Andrew McPherson

Qualifications BAppSc (phys), MBA, MAICD

Experience Appointed to the Board in 2017. Mr McPherson has over 25 years' experience in the healthcare industry both in Australia and the USA. Mr McPherson was the CEO of both Grampians Medicare Local from 2012 to 2015 and Ballarat & District Division of GPs from 2006 to 2012. In July 2018 Mr McPherson was appointed as a Director of Ballarat Health Services. Mr McPherson is currently the owner/Director of a local Ballarat business which provides consultant advice to the health industry.

Special Responsibilities Member of the Audit & Risk Committee.



DIRECTORS' REPORT

Your directors present their report on the company and its share in the UFS Partnership (the "consolidated entity") for the financial year ended 30 June 2019.

The name of each person who has been a Director during the year and to the date of this report are:

Mr Graeme H Dixon
Ms Virginia Fenelon
Mrs Peta L Clark
Ms Jacinta M Rivett
Mr Ian G Schrader
Ms Gina Lyons
Mr David Lenehan
Mr Andrew McPherson

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Details of directors' qualifications, experience and special responsibilities can be found further on in this report.

Objective

The objective of UFS Dispensaries Ltd is to improve the health of our community and promote our facilities as health destinations which provide tangible community and membership benefits. This takes the form of innovative health related products and services, particularly in respect of pharmaceuticals and specific health care advice.

Strategy for Achieving the Objective

The consolidated entity's objective is to leverage its superior customer service and health related advice to develop strong relationships with our customers and membership base.

Performance Measures

The consolidated entity measures its performance by evaluating the quantity and quality of health professional interactions with customers, the volume and extent of member benefits delivered to the communities served and assessing our performance against applicable industry benchmarks provided by relevant national associations. Key performance indicators include the amount of member discount provided to the members, the number of prescriptions processed, number of customers served by our professional health staff, staff satisfaction surveys and long term financial sustainability considerations.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Mrs Julie Hawkins CPA. Mrs Hawkins has worked for UFS Dispensaries Ltd since November 2011, and in the role of Finance Manager since October 2015, and was appointed as Company Secretary on 28 October 2015.

Principal activities

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

No significant change in the nature of the consolidated entity's principal activities occurred during the year.

Operating result and review of operations

The profit of the consolidated entity for the financial year after providing for income tax amounted to \$3,122,199 (\$2,749,170 profit for the 2018 year).

Dividends

The consolidated entity's constitution precludes the payment of dividends.

Significant changes in state of affairs

On 10 December 2018, the company purchased a pharmacy located at 66/160-192 Main Street, Bacchus Marsh.

Future developments

Likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulations

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory. However, as part of its environmental and social responsibility, UFS Dispensaries Ltd provides a safe and controlled unused medicines' disposal service.

Indemnification and insurance of officers and auditors

During the financial year, the consolidated entity has paid a premium to insure its officers and directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of officer or director of the company, other than conduct involving a wilful breach of duty in relation to the company.

An indemnity has been given to Ms H Lynne McLennan in relation to the use of two American Express Business Cards, for approved company use. This indemnity was prepared by the consolidated entity's solicitors, and no other indemnities have been given.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for the auditor of the consolidated entity.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings. The consolidated entity was not party to any such proceedings during the year.

Auditor's independence

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on Page 22 of this report.

MEETINGS OF DIRECTORS

The attendance of each director at meetings (including committees) during the year were, with the maximum meetings that could be attended, indicated in brackets:

	Board and General Meetings	Committee Meetings
GH Dixon	9 (9)	8 (8)
V Fenelon	7 (9)	4 (5)
PL Clark	7 (9)	11 (11)
JM Rivett	3 (7)*	3 (6)*
IG Schrader	6 (9)	3 (5)
G Lyons	9 (9)	3 (5)
D Lenehan	8 (9)	8 (8)
A McPherson	8 (9)	5 (5)

*Leave of absence

Contributions on Winding Up

In the event of the company being wound up, members are required to contribute a maximum of \$0.50 cents each. The total amount that members of the company are liable to contribute if the company is wound up is \$25,814, based on 51,628 current members.

This report is made in accordance with a resolution of directors, pursuant to Section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors.



GH Dixon
Chair
Dated this 16th day of October 2019



PL Clark
Chair: Audit & Risk Committee

Auditors Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



John Findlay
Audit Partner
12 Anderson Street West, Ballarat, Vic
Dated this 16th day of October 2019



RONA
INTERN PHARMACIST

ufs

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2019

	NOTE	2019 \$	2018 \$
INCOME			
Revenue	2	75,707,472	71,863,356
Other Income	2	418,018	408,773
Changes in Inventories		97,228	36,049
Purchases		(41,189,961)	(40,554,464)
Employee Benefits Expense		(23,844,483)	(21,120,962)
Depreciation		(970,405)	(1,213,765)
Amortisation of Customer Lists		(43,778)	(46,050)
Finance Costs		(174,020)	(187,295)
Other Expenses		(6,680,138)	(6,436,472)
Impairment of Non Current Assets		(197,734)	-
PROFIT BEFORE INCOME TAX	3	3,122,199	2,749,170
Income Tax	4	-	-
PROFIT FOR THE YEAR		3,122,199	2,749,170
PROFIT ATTRIBUTABLE TO MEMBERS		3,122,199	2,749,170

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

PROFIT FOR THE YEAR	3,122,199	2,749,170
Other Comprehensive Income:		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net Gain/(Loss) on Revaluation of Land and Buildings	27,023	(6,970)
Net Gain on Revaluation of Equity Instruments at FVOCI	(13,449)	
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net (Loss) on Revaluation of Financial Assets	-	(4,483)
Other Comprehensive Income for the Year, Net of Tax	13,574	(11,453)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,135,773	2,737,717
Total Comprehensive Income attributable to:		
Members	3,135,773	2,737,717

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	6,358,590	7,141,572
Trade and Other Receivables	6	1,994,658	2,541,594
Inventories	7	4,067,266	3,970,038
Financial Assets	8	152,289	-
Other Assets	9	902,742	259,458
TOTAL CURRENT ASSETS		13,475,545	13,912,662
NON-CURRENT ASSETS			
Investments	10	43,816	63,029
Property, Plant and Equipment	11	22,133,065	21,824,624
Investment Property	12	560,000	485,000
Intangible Assets	13	10,401,225	7,863,839
TOTAL NON-CURRENT ASSETS		33,138,106	30,236,492
TOTAL ASSETS		46,613,651	44,149,154
CURRENT LIABILITIES			
Trade and Other Payables	14	6,264,934	6,134,502
Borrowings	15	6,300,000	7,300,000
Provisions	17	3,117,208	2,577,845
Other Liabilities	18	244,933	238,504
TOTAL CURRENT LIABILITIES		15,927,075	16,250,851
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities	16	495,155	527,942
Provisions	17	374,633	690,563
Other Liabilities	18	30,464	29,247
TOTAL NON-CURRENT LIABILITIES		900,252	1,247,752
TOTAL LIABILITIES		16,827,327	17,498,603
NET ASSETS		29,786,324	26,650,551
EQUITY			
Reserves	19	6,199,277	6,185,703
Retained Earnings		23,587,047	20,464,848
TOTAL EQUITY		29,786,324	26,650,551

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2017	17,715,678	6,197,156	23,912,834
Profit after income tax expense for the year	2,749,170	-	2,749,170
Other comprehensive income for the year, net of tax	-	(11,453)	(11,453)
Balance as 30 June 2018	20,464,848	6,185,703	26,650,551
Balance at 1 July 2018	20,464,848	6,185,703	26,650,551
Profit after income tax expense for the year	3,122,199	-	3,122,199
Other comprehensive income for the year, net of tax	-	13,574	13,574
Balance as 30 June 2019	23,587,047	6,199,277	29,786,324

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	NOTE	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		80,155,904	75,846,155
Other Receipts Received		1,012,303	875,515
Payments to Suppliers and Employees		(76,755,516)	(72,247,554)
Dividends Received		2,777	3,696
Interest Received		34,111	22,299
Finance Costs		(174,020)	(187,295)
Net Cash Provided by Operating Activities	21	4,275,559	4,312,816
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment		63,109	161,724
Purchase of Property, Plant and Equipment		(1,342,751)	(767,549)
Purchase of Business and Licences		(2,778,899)	-
Net Cash Used in Investing Activities		(4,058,541)	(605,825)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(1,000,000)	(750,000)
Net Cash Used in Financing Activities		(1,000,000)	(750,000)
NET (DECREASE)/INCREASE IN CASH HELD		(782,982)	2,956,991
Cash at Beginning of Financial Year		7,141,572	4,184,581
Cash at End of Financial Year	5	6,358,590	7,141,572

This statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2019

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Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for UFS Dispensaries Ltd, incorporated and domiciled in Australia. UFS Dispensaries Ltd is a company limited by guarantee. UFS Dispensaries Ltd carries a 95% equity holding in UFS Partnership which owns and operates the pharmacy at 129 Inglis Street, Ballan, 3342. This financial report includes our share of UFS Partnership.

New, Revised or Amending Accounting Standards and Interpretations Adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company. The following Accounting Standards and Interpretations are most relevant to the company:

AASB 9 Financial Instruments

The company has adopted AASB 9 from 1 July 2018.

The standard introduced new classification and measurement models for financial assets.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption

AASB 9 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2018. Further disclosure is included in Note 22 of the financial statements in relation to impact of adoption.

AASBs Issued that are not yet effective

As at 30 June 2019, the following standards and interpretations had been issued by the Australian Accounting Standards Board (AASB) but were not yet effective.

Standard/ Interpretation	Applicable for Annual Reporting	Summary	Impact of Financial Statements
AASB 15 <i>Revenue from Contracts with Customers</i>	1 Jan 2018	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements.
AASB 2016-7 <i>Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities</i>	1 Jan 2019	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 16 <i>Leases</i>	1 Jan 2019	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impacts on the operating surplus. No change for lessors.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. UFS Dispensaries Ltd is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value, of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(s).

Accounting Policies

(a) Business Combinations

Business combinations can occur where an acquirer obtains control over one or more businesses and results in consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. the parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets assumed. In addition, contingent liabilities of the acquiree will be

recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer Note 1(h)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The consideration transferred for a business combination shall form the cost of the investment in the separate financial statements. Such consideration is measured at fair value at acquisition date and consists of the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree, and the equity interests issued by the acquirer.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to a contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as receivables. Subsequent to initial recognition, a contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. A contingent consideration classified as an asset or a liability is remeasured at the end of each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(b) Income Tax

UFS Dispensaries Ltd pays income tax on any income earned or received from non-members. It is only income directly received from its members which is not taxed under the principle of mutuality. Members cannot be taxed on income they make from themselves.

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Inventories

Inventories, consisting wholly of finished goods, are measured at the lower of cost and net realisable value. Cost is assigned on a weighted average costs basis.

(d) Property, Plant and Equipment

Bases of Measurement of Carrying Amount

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Revaluation of Land and Buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of asset revaluation reserve. All other decreases are recognised in the statement of comprehensive income.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying values of plant and equipment are reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in the statement of comprehensive income or as a revaluation decrease if the impairment losses relate to a revalued asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the company, commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis over the expected useful lives of the assets as outlined in the following table.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Leasehold improvements	5% - 20%
Plant and equipment	3.75% - 40%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment Properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that is not occupied by the company. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to the statement of comprehensive income.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

(f) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(g) Impairment of Assets

At each reporting date, the company assesses the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. The assessment will include considering external sources of information. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets.

(h) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. All intangible assets other than goodwill have a finite useful life and are carried at cost less accumulated amortisation. Intangible assets with finite lives are amortised over the useful life. The amortisation period and estimated useful lives are reviewed at the end of each annual reporting period. Where there is a change in the estimated remaining useful life of an asset, it is accounted for on a prospective bases with amortisation in future periods based on the net written down value of the asset as at the date the change in useful life is determined.

(i) Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

(ii) Customer Lists

Customer lists acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the statement of comprehensive income using the straight-line method over 20 years.

(i) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to reporting date.

Short-Term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within twelve months of the reporting date are recognised in current 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Long-Term Employee Benefits

The liability for annual leave and long service leave not expected to be settled within twelve months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, deposits held at call and on short-term with banks or financial institutions maturing within three months, net of bank overdrafts.

(k) Financial Instruments

Financial instruments arise out of agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. From 1 July 2018, the consolidated entity applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of Financial Assets Under AASB 9

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the group to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The consolidated entity recognises the following assets in this category:

- cash and cash equivalents;

- receivables; and
- term deposits.

(ii) Financial assets at fair value through other comprehensive income

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and the consolidated entity has irrevocably elected at initial recognition to recognise in this category, which is the case. These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.

The consolidated entity recognises the following assets in this category:

- shares.

Categories of financial assets previously under AASB 139

(i) Loans and receivables and cash

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The consolidated entity recognised the following assets in this category:

- cash and cash equivalents;
- receivables; and

(ii) Held to maturity

If the consolidated entity has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held to maturity. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

The consolidated entity recognised term deposits in this category.

(iii) Available-for-sale

Available-for-sale financial assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised other comprehensive income until the investment is disposed. Movements resulting from impairment are recognised in the profit and loss. On disposal, the cumulative gain or loss previously recognised in other comprehensive income is transferred to the profit or loss.

The consolidated entity recognised shares held in this category.

Categories of financial liabilities under AASB 9 and previously under AASB 139

(i) Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

The consolidated entity recognises the following liabilities in this category:

- payables;
- borrowings; and
- other liabilities.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when: the rights to receive cash flows from the asset have expired; or the consolidated entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or the consolidated entity has transferred its rights to receive cash flows from the asset and either:

- has transferred substantially all the risks and rewards of the asset; or
- has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the consolidated entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to

the extent of the consolidated entity's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Reclassification of financial instruments

Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through profit or loss, fair value through other comprehensive income and amortised cost when, and only when, the consolidated entity's business model for managing its financial assets has changes such that its previous model would no longer apply.

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in the profit or loss.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 and AASB 139 as detailed in the accounting policies to these financial statements is further disclosed in Note 22.

(l) Trade and Other Receivables

Receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. The company holds the receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

(m) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods. Interest revenue from investments is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive the dividend has been established. Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Revenue from the rendering of a service is recognised when it is received or the right to receive

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Trade and Other Payables

Payables are classified as financial instruments and measured at amortised cost. Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Asset Revaluation Reserve

The asset revaluation reserve records revaluations in freehold land and buildings, and shares in listed corporations.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

(q) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability

for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(r) Comparative Figures

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

(s) Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimate of Fair Value of Land and Buildings and Investment Property

The company has property with a carrying value of approximately \$20 million, representing the estimate of fair value at balance date. The property represents a high proportion of the total assets of the consolidated entity.

The investment property was initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuation of the property at 30 June 2019 on the basis detailed in Note 11 Property, Plant and Equipment. Changes in market conditions in the future may impact the fair value in the future.

Fair Value Hierarchy

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Estimation of Useful Lives of Assets

The consolidated entity determines the estimated useful lives and related depreciation or amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of Non-Financial Assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Impairment of \$197,734 has been recognised in respect of goodwill at the end of the reporting period (\$Nil for the 2018 year).

Using fair value less cost of disposal calculations all pharmacies carrying a goodwill component were tested for impairment using growth rates between 2% and 6% and a discount rate of between 14.48% and 17.30%, dependent upon pharmacy location.

Employee Benefits Provision

As discussed in Note 1(i), the liability for employee benefits expected to be settled more than twelve months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date.

In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Income Tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 2: REVENUE

	2019	2018
	\$	\$
Sale of Goods	64,474,116	62,736,479
Services Revenue	4,908,398	4,813,467
Other Revenue	6,324,958	4,313,410
Total Revenue	75,707,472	71,863,356
Other Income	343,813	352,361
Net Fair Value Gain on Investment Property	75,000	25,000
Net (Loss)/Gain on Disposal of Property, Plant & Equipment	(795)	31,412
Total Other Income	418,018	408,773
TOTAL REVENUE	76,125,490	72,272,129

NOTE 3: PROFIT BEFORE INCOME TAX

Expenses

Cost of Sales	41,092,733	40,518,414
Service Expenses	91,245	101,184
Rent Expenses	790,098	650,744
Legal Costs	53,070	36,898
Remuneration of Auditor : Audit Services	62,000	62,200
Remuneration of Auditor : Accounting Services	6,300	5,700
Wages	18,820,061	16,504,541
Superannuation Expense	1,963,076	1,746,572

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 4: INCOME TAX EXPENSE

	2019	2018
	\$	\$
a. The components of tax expense comprise:		
Over Provision in Respect of Prior Years	-	-
	-	-
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2018: 30%)	936,660	824,751
Add:		
Tax effect of:		
Depreciation of buildings	(143,618)	(48,731)
Franking credits received	357	484
Other non-allowable items	72,289	18,370
Absorption costing adjustments	(31,600)	(9,642)
Tax exempt income	(515,931)	(440,850)
Prior year losses - no deferred tax recognised	(318,157)	(344,382)
Income Tax Expense	-	-
c. Tax effect relating to other comprehensive income:		
Deferred Tax	32,787	-

Estimated deferred tax assets have not been recognised in respect of the following items:

Unrecognised deferred tax assets

Deductible temporary differences	1,145,752	1,088,579
Tax losses	5,586,911	5,905,076

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the entity can utilise the benefits from.

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 5: CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
CURRENT		
Cash at Bank	6,320,124	7,104,439
Cash on Hand	38,466	37,133
TOTAL CASH AND CASH EQUIVALENTS	6,358,590	7,141,572

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade Debtors	979,029	1,763,132
Accrued Income	26,316	92,016
Other Debtors and Receivables	989,313	686,446
TOTAL TRADE AND OTHER RECEIVABLES	1,994,658	2,541,594

NOTE 7: INVENTORIES

CURRENT		
Finished Goods	4,067,266	3,970,038

NOTE 8: FINANCIAL ASSETS

CURRENT		
Term Deposit	152,289	-

NOTE 9: OTHER ASSETS

CURRENT		
Prepayments	902,742	259,458

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 10: INVESTMENTS

	2019	2018
	\$	\$
NON-CURRENT		
<i>Financial assets at fair value through other comprehensive income</i>		
Shares in Listed Corporations	43,816	-
 <i>Financial assets available for sale</i>		
Shares in Listed Corporations	-	63,029

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

NON-CURRENT LAND AND BUILDINGS

Land		
Freehold Land at Valuation	8,192,600	8,192,600
Buildings		
Buildings at Valuation	11,471,900	11,471,900
Buildings at Cost	380,562	14,986
Less Accumulated Depreciation	(471,078)	(230,062)
Total Land and Buildings	19,573,984	19,449,424
 Plant and Equipment		
Plant and Equipment at Cost	11,148,368	10,465,490
Less Accumulated Depreciation	(8,589,287)	(8,090,290)
Total Plant and Equipment	2,559,081	2,375,200
TOTAL PROPERTY, PLANT AND EQUIPMENT	22,133,065	21,824,624

Land and Buildings Carried at Valuation

All freehold land and buildings were independently valued at 30 June 2017 by Leader Property Practice. Valuations were made on the basis of open market value. The revaluation net of applicable deferred income taxes was processed to the asset revaluation reserve.

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year is set out below:

	Freehold Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
Balance at 1 July 2017	8,218,100	11,471,900	2,711,152	22,401,152
Additions	-	49,486	727,283	776,769
Disposals	(25,500)	(33,950)	(80,082)	(139,532)
Depreciation Expense	-	(230,612)	(983,153)	(1,213,765)
Balance at 30 June 2018	8,192,600	11,256,824	2,375,200	21,824,624
Additions	-	365,652	977,099	1,342,751
Disposals	-	-	(63,905)	(63,905)
Depreciation Expense	-	(241,092)	(729,313)	(970,405)
Balance at 30 June 2019	8,192,600	11,381,384	2,559,081	22,133,065

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 12: INVESTMENT PROPERTY

	2019	2018
	\$	\$
NON-CURRENT		
Investment Property		
Land and Buildings at Valuation	560,000	485,000
Total Investment Property	560,000	485,000

Investment Property Carried at Valuation

The investment property was independently valued at 30 June 2019 by Leader Property Practice. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

	Land	Buildings	Total
	\$	\$	\$
Balance at 1 July 2017	250,000	210,000	460,000
Revaluation Increments	25,000	-	25,000
Balance at 30 June 2018	275,000	210,000	485,000
Revaluation Increments	75,000	-	75,000
Balance at 30 June 2019	350,000	210,000	560,000

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 13: INTANGIBLE ASSETS

	2019	2018
	\$	\$
NON-CURRENT		
Intangible Assets at Cost	17,870,287	15,289,123
Accumulated Amortisation	(7,469,062)	(7,425,284)
Net Carrying Value	10,401,225	7,863,839

	Goodwill	Customer Lists	Total
	\$	\$	\$
Balance at 1 July 2017	7,314,230	626,285	7,940,514
Additions	-	-	-
Amortisation	-	(46,050)	(46,050)
Impairment Losses	-	(30,625)	(30,625)
Balance at 30 June 2018	7,314,230	549,610	7,863,839
Additions	2,753,898	25,000	2,778,898
Amortisation	-	(43,778)	(43,778)
Impairment Losses	(168,564)	(29,170)	(197,734)
Balance at 30 June 2019	9,899,564	501,662	10,401,225

NOTE 14: TRADE AND OTHER PAYABLES

CURRENT

Trade Creditors	3,982,315	5,127,416
Sundry Creditors and Accrued Expenses	2,282,620	1,007,086
TOTAL PAYABLES	6,264,934	6,134,502

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 15: BORROWINGS

	2019	2018
	\$	\$
CURRENT		
Market Rate Loan	6,300,000	7,300,000
	6,300,000	7,300,000

Under AASB 101 *Presentation of Financial Statements*, all loan facilities are required to be treated as current liabilities as the consolidated entity does not have the unconditional right to defer settlement or roll over the loan for at least 12 months after the reporting period. This is despite the consolidated entity having loan facilities where repayments do not have to be made in the 12 months after the reporting period. The current facilities were re-negotiated in the 2017 financial year to have a maturity in 2020.

a. Total current secured liabilities:

Market Rate Loan	6,300,000	7,300,000
	6,300,000	7,300,000

b. The market rate loan is secured by a registered first mortgage over selected freehold properties of the consolidated entity.

First Mortgage

Freehold Land and Buildings	19,573,984	19,449,424
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Equitable Mortgage

Listed Shares at Market Value	43,816	63,029
Plant and Equipment	2,559,081	2,375,200
Intangible Assets	10,401,225	7,863,839

Total Assets Pledged as Security

32,578,106	29,751,492
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c. The market rate loan is an ongoing arrangement with the consolidated entity's bankers and is subject to annual reviews.

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 16: TAX

	2019	2018
	\$	\$
DEFERRED TAX LIABILITY		
Deferred Capital Gains Tax on Freehold Land and Buildings	484,108	511,131
Deferred Capital Gains Tax on Listed Shares	11,047	16,811
Total Deferred Tax	495,155	527,942

Reconciliations

Deferred Tax Liability

The movement in deferred tax liability for each temporary difference during the year is as follows:

Opening Balance	527,942	522,893
Tax Allowances Relating to Listed Shares	(5,764)	(1,921)
Tax Allowances Relating to Property	(27,023)	6,970
Closing Balance	495,155	527,942

NOTE 17: PROVISIONS

Opening Balance	3,268,408	3,162,263
Additional Provisions Raised During the Year	2,398,330	1,935,403
Amounts Used	(2,174,897)	(1,829,258)
Closing Balance	3,491,841	3,268,408

Analysis of Total Provisions

Current	3,117,208	2,577,845
Non-Current	374,633	690,563
Total Provisions	3,491,841	3,268,408

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 18: OTHER LIABILITIES

	2019	2018
	\$	\$
CURRENT		
Membership Fees in Advance	244,933	238,504
NON-CURRENT		
Membership Fees in Advance	30,464	29,247
TOTAL OTHER LIABILITIES	275,397	267,751

NOTE 19: RESERVES

(a) Asset Revaluation Reserve

Opening Balance	6,146,481	6,153,451
Deferred Tax Liability Adjustment	27,023	(6,970)
Closing Balance	6,173,504	6,146,481

(b) Share Revaluation Reserve

Opening Balance	39,222	43,705
Revaluation Decrement	(13,449)	(4,483)
Closing Balance	25,773	39,222
TOTAL RESERVES	6,199,277	6,185,703

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE: 20: OPERATING LEASE COMMITMENTS

	2019	2018
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Operating Leases		
<i>Non-Cancellable</i>		
Not Later than One Year	709,201	583,798
Later than One Year and Not Later than 5 Years	1,512,449	632,865
Later than 5 Years	1,228,129	-
Total	3,449,779	1,216,663

Property leases are non-cancellable leases, with rent payable monthly in advance. Lease agreements specify that minimum lease payments shall be increased by CPI annually. Options exist to renew most leases at the end of their term for additional terms ranging from 3 to 6 years.

(b) Capital Expenditure Commitments

Capital expenditure commitments contracted for:

Construction Project - Bacchus Marsh Village Pharmacy	550,000	-
Dispensing Robot - Bacchus Marsh Village Pharmacy	71,145	-
UFS App	18,000	-
Payroll Biometrics	85,000	-
Dispensing Robot - Bridge Mall Pharmacy	-	247,354
Motor Vehicle	-	34,080
Electrical Works - Beaufort	-	8,031
Total Capital Commitments	724,145	289,465
Not Later than One Year	724,145	289,465
Total	724,145	289,465

(c) Rent Receivables

Rental of commercial property contracted for but not capitalised in the financial statements

Rent Receivables

Non-Cancellable

Not Later than One Year	311,026	290,032
Later than One Year and Not Later than 5 Years	-	253,732
Total	311,026	543,764

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE: 20: OPERATING LEASE COMMITMENTS (CONTINUED)

	2019	2018
	\$	\$
(d) Management Agreement Commitments		
Revenue commitments contracted for:		
Management Fees Payable to UFS Dispensaries Ltd	692,290	693,768
Property Management Fees Payable to UFS Dispensaries Ltd	6,675	6,687
Total Revenue Commitments	698,965	700,455
Not Later than One Year	396,035	396,034
Later than One Year and Not Later than 5 Years	302,930	304,421
Total	698,965	700,455

NOTE 21: CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operations with Profit After Income Tax

Profit After Income Tax	3,122,199	2,749,170
Non-cash flows in profit		
Depreciation	970,405	1,213,765
Goodwill amortisation	43,778	46,050
Goodwill impairment	197,734	30,625
Net loss/(gain) on disposal of property, plant & equipment	795	(31,412)
Revaluation increment on investment property	(75,000)	(25,000)
Changes in assets and liabilities:		
Decrease in Receivables	546,936	14,247
(Increase) in Inventories	(97,228)	(36,049)
(Increase) in Financial Assets	(152,289)	-
(Increase) in Other Assets	(643,284)	(30,597)
Increase in Payables	130,433	275,828
Increase in Provisions	223,433	106,145
Increase in Other Liabilities	7,646	44
Net Cash Flows From Operating Activities	4,275,559	4,312,816

(b) Credit Standby Arrangement and Loan Facilities

The consolidated entity has a market rate loan facility of \$8,050,000 available through its bankers. At 30 June 2019 the company had drawn \$Nil of this facility (\$Nil for the 2018 year). In addition the bankers have provided a bank guarantee to a maximum sum of \$9,166 relating to a rental bond for our Melton Central pharmacy.

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 22: FINANCIAL INSTRUMENTS

The consolidated entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 and AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

2019	Note	Financial assets at amortised cost (AC)	Financial assets at other comprehensive income (FVOCI)	Financial liabilities at amortised cost (AC)	Total
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	5	6,358,590	-	-	6,358,590
Receivables	6	1,994,658	-	-	1,994,658
Financial assets					
Term deposit	8	152,289	-	-	152,289
Shares in Listed Corporations	10	-	43,816	-	43,816
		8,505,537	43,816	-	8,549,353
Financial liabilities					
Trade and Other Payables	14	-	-	6,264,934	6,264,934
Borrowings	15	-	-	6,300,000	6,300,000
		-	-	12,564,934	12,564,934

2018	Note	Cash and deposits	Loans and receivables	Held to maturity	Financial liabilities at amortised cost (AC)	Total
		\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	5	7,141,572	-	-	-	7,141,572
Receivables	6	-	2,541,594	-	-	2,541,594
Financial assets						
Term deposit	8	-	-	-	-	-
Shares in Listed Corporations	10	-	-	63,029	-	63,029
		7,141,572	2,541,594	63,029	-	9,746,195
Financial liabilities						
Trade and Other Payables	14	-	-	-	6,134,502	6,134,502
Borrowings	15	-	-	-	7,300,000	7,300,000
		-	-	-	13,434,502	13,434,502

NOTE 22: FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Management Policies

The Audit & Risk Committee consists of five company directors, and the committee's overall risk management strategy is to assist the company in meeting its financial targets whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Audit & Risk Committee on a regular basis. These include credit risk policies and future cash flow requirements.

(a) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity.

Credit risk is managed by the consolidated entity and reviewed by the Audit & Risk Committee. It arises from exposure to customers as well as through deposits with financial institutions.

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Interest Rate Risk

The consolidated entity endeavours, where possible, to fix interest rates in order to reduce its exposure to market fluctuations and provide cashflow certainty.

The consolidated entity currently uses the following mechanism to achieve this:

- a fixed rate Market Loan facility

The effective weighted average interest rates as a result of the above mechanisms are set out in the tables below:

(b) Financial Instrument Composition and Maturity Analysis

The undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments are all due within 12 months.

(c) Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

The carrying amounts of financial assets and financial liabilities are equivalent to the net fair values.

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 23: EVENTS AFTER THE BALANCE SHEET DATE

On 29 July 2019, UFS Dispensaries sold its 95% equity holding in UFS Partnership to Western Victorian UFS Dispensaries Ltd. The pharmacy located at 129 Inglis Street, Ballan, 3342, is thereafter wholly owned by Western Victorian UFS Dispensaries Ltd and was purchased by Western Victorian UFS Dispensaries Ltd via a loan provided to it by UFS Dispensaries Ltd to the value of \$1,647,585.00.

On 5th August 2019, UFS Dispensaries purchased a pharmacy at 616 Sturt Street, Ballarat, 3350.

On 9th August 2019, UFS Dispensaries exercised its option to purchase two new pharmacies. This agreement is confidential.

NOTE 24: FAIR VALUE MEASUREMENT

The consolidated entity measures the following assets at fair value on a recurring basis:

- Land and Buildings
- Investment Property
- Listed Shares

Fair Value Hierarchy

The following tables detail the entity's assets, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- . Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- . Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- . Level 3 - Unobservable inputs for the asset or liability.

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 24: FAIR VALUE MEASUREMENT (CONTINUED)

2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Land and buildings	-	19,664,500	-	19,664,500
Investment property	-	485,000	-	485,000
Listed shares	63,029	-	-	63,029
Total Assets	63,029	20,149,500	-	20,212,529
2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Land and buildings	-	19,664,500	-	19,664,500
Investment property	-	560,000	-	560,000
Listed shares	43,816	-	-	43,816
Total Assets	43,816	20,224,500	-	20,268,316

The consolidated entity engages external, independent and qualified valuers to determine the fair value of the company's land and buildings at least every three years. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date.

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the consolidated entity's investment property portfolio every twelve months in accordance with AASB 140.

NOTE 25: CAPITAL MANAGEMENT

Management control the capital of the consolidated entity to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised. The Audit & Risk Committee ensures that the overall risk management strategy is in line with this objective.

The Audit & Risk Committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the board on a regular basis.

Notes to the Financial Statements

For the year ended 30 June 2019

NOTE 26: KEY MANAGEMENT PERSONNEL

Key management personnel compensation included in employee benefits expense and directors' remuneration is as follows:

	2019	2018
	\$	\$
Short term employee benefits	1,437,738	1,216,008
Post-employment benefits	126,014	126,219
Termination benefits	-	11,268
	1,563,752	1,353,495

NOTE 27: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated. None of the transactions incorporate special terms and conditions and no guarantees were given or received.

UFS Dispensaries Ltd provides management services to Friendly Pharmacy (Vic) Ltd and Western Victorian UFS Dispensaries Ltd. This includes the day-to-day operational management of their pharmacies. As a result of transactions created through this management arrangement, intercompany balances are created which are materially settled on a monthly basis. The outstanding balances are illustrated below:

Outstanding Balance Receivable at 30 June

Friendly Pharmacy (Vic) Ltd	-	5,105
Western Victorian UFS Dispensaries Ltd	10,792	9,052

Outstanding Balance Payable at 30 June

Friendly Pharmacy (Vic) Ltd	64,997	-
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In addition to these intercompany balances, management fees are also paid to UFS Dispensaries Ltd for services provided. These services include work performed by UFS Dispensaries Ltd key management personnel. Examples of the services provided include chief executive officer, company secretarial, IT, HR, financial and marketing support.

Friendly Pharmacy (Vic) Ltd, however, maintains its own independent Board of Directors which controls the strategy and overall decision making of the entity.

Western Victorian UFS Dispensaries Ltd has two independent Directors, but share two Directors in common with UFS Dispensaries Ltd, along with the Chief Executive Officer; therefore UFS Dispensaries Ltd has a significant influence over Western Victorian UFS Dispensaries Ltd.

NOTE 28: MEMBER FUNDS

UFS Dispensaries Ltd is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. Members at 30 June 2019 and up until the date of this report will be deemed to have given a guarantee for the purposes of membership, and their financial obligation in the event of the winding up of the company will be limited to fifty cents. The total amount that members of the company are liable to contribute if the company is wound up is \$25,814 (2018 : \$24,578.50) based on 51,628 (2018 : 49,157) current members.

Notes to the Financial Statements

For the year ended 30 June 2019

DIRECTORS' DECLARATION

The Directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 25 to 54, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the consolidated entity.
2. In the Directors' opinion there are reasonable grounds to believe that the consolidated entity 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 Directors made pursuant to Section 295(5)(a) of the *Corporations Act 2001*.



GH Dixon
Chair

Dated this 16th day of October 2019



PL Clark
Chair: Audit & Risk Committee

INDEPENDENT AUDITOR'S REPORT To The Members of UFS Dispensaries Ltd

Opinion

We have audited the financial report of UFS Dispensaries Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

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 are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 Australian Accounting Standards – *Reduced Disclosure Requirements* 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or have no realistic alternative but to do so.


Auditor's Responsibilities for the Audit of the Financial Report

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

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/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA PARTNERS



JOHN FINDLAY

Partner

Ballarat, Victoria

Dated this 16th day of October 2019

REGIONAL PHARMACIES

Bacchus Marsh

25-27 Grant St
5367 2134

Bacchus Marsh Village

Shop 66/160-192 Main St
5367 8600

Ballan

129 Inglis St
5368 1232

Ballarat

717 Sturt St
5331 9811
Open 24 hours

Ballarat

40 Bridge Mall
5327 0400

Ballarat

69 Victoria St
5333 1959

Ballarat

1/202 Doveton St Nth
5364 9160

Beaufort

62-64 Neill St
5349 2504

Buninyong

316 Learmonth St
5341 2121

Delacombe

830 Latrobe St
5336 0100

Gisborne

5 Neal St
5428 2461

Hardy's Gisborne

40 Brantome St
5428 3129

Melton Central

Shop 6 Central Walk
415-429 High St
9743 9080

Melton South

Station Square
11 Station Rd
9743 3533

Mt Clear

Midvale Complex
1172 Geelong Rd
5330 2644

Sebastopol

56 Albert St
5336 0455

Wendouree

1207 Howitt St
5339 6933



MELBOURNE PHARMACIES

Coburg

501 Sydney Rd
9354 1068

Coburg North

238 Sussex St
9354 3801

Coburg Village

Shop 8
174-196 Gaffney St
9354 9032

MEDICAL CENTRES

Bridge Mall Medical

Level 1, 40 Bridge Mall Ballarat
5327 0420

Doveton St Medical

202 Doveton St Ballarat
5364 9100

Sturt St Medical

1008A Sturt St Ballarat
5331 2522

DAY SPA

Peace & Quiet

719 Sturt St Ballarat
5332 1694