



2013/2014 Annual Report



Your Health Care Destination

www.ufs.com.au



UFS Dispensaries is a not-for-profit, community based organisation with an elected Board of Directors. UFS is owned by its members and profits are directed back to members in the form of attractive discounts, modern facilities and member services. The income UFS generates is also injected into expanding our business operations and increasing the benefits offered to members. All members have the opportunity to participate in company affairs by attending the Annual General Meeting which will be held in November this year.

As a Quality Care Accredited organisation, UFS is committed to better understanding our customers' needs and providing service that ultimately exceeds expectation.



UFS MISSION

UFS aims to improve the health of our members and the local community.

UFS VALUES

- Focus on members
- Professional services
- Connected to our community
- High ethical standards
- Support our staff
- Lead innovation in health care
- Provide leadership in health solutions



BOARD OF DIRECTORS

Chairman: Ms J.M. Rivett *B.A LLB GAICD*
Directors: Mr G. Dixon *Dip.Bus, B.Bus, CPA FCIS*
Mr I.G. Schrader *MAICD*
Mrs Virginia Fenelon *HDTS, M.Ed*
Mrs A.J. Smail *PhC Mat.Med*
Mr A.A. Howard *Grad.Dip.Admin*
Dr P.D. Martin *MBBS DRCOG*
Mrs P.L. Clark *CPA Grad.Dip.CSP MAICD*

Administration Staff

Chief Executive Officer: Ms Lynne McLennan B.Sc M.B.A
Executive Assistant: Mrs Mariska Pelchen

Operations Manager: Mr Tony Diamond Dip.Mgt
Operations Coordinator: Mrs Dianne Chillingsworth Adv.Dip.Bus.HR

Chief Pharmacist: Mr Bobby Mehta MRPharmS CiCPM CiMDM IPresc
Professional Services Administration Assistant: Ms Renee Erwin

Purchasing & Logistics Manager: Mr Greg Harbridge B.App Sc (Tex.Chem)
Product Manager: Ms Karyn Cody
Product Manager: Mrs Angela Lawler Adv.Dip.Bus.Mgt
Product Manager: Mr Jason Stevens
Product Manager: Mr Barry Smith
Purchasing Administration Officer: Mrs Marie Loader
Purchasing Administration Officer: Mrs Pam Moller

Marketing & Development Manager: Mr Matthew Vallance B.Mgt (Marketing)
Marketing Officer: Mrs Trudy Olszewski Dip.Proj.Mgt
Promotions Officer: Mrs Jacinta Thornton
Membership Officer: Ms Leisel Oliver
Graphic Designer: Mr Jason Crowe

Employee Services Manager: Mrs Claire Huntington Adv.Dip Mgt
Employee Services Officer: Ms Taryn Bennett B.Mgt (HRM)
Employee Services Officer: Ms Tania Lund Adv.Dip.Mgt
Employee Services Officer: Mr Tor Butler Dip.Mgt

Chief Financial Officer: Mr Tyrone McCuskey CPA GAICD
Financial Accountant: Ms Janine Howes B.Bus.Acc
Financial Accountant: Ms Julie Hawkins B.Bus.Acc C.P.A Grad.Dip.Ed
Accounting Assistant: Mrs Verity Savage
Accounting Assistant: Mrs Leeona McGuane
Accounting Assistant: Mrs Toni King
Accounting Assistant: Mr Peter Muceniaks Ass.Dip.Accounting

MANAGEMENT AT 30 JUNE 2014

Accounting Assistant:	Mrs Kerri Bates
Payroll Coordinator:	Mr Angus Diamond
IT Systems Engineer:	Mr Robert Schenk Grad.Dip.Computing Grad.Dip.Bus Dip.Com.Prog
Systems Improvement Manager:	Mr Mark Thornton B.Comp Dip.Proj.Mgt Dip.Sus
IT Support Officer:	Mr Dean Franken B.IT
IT Support Officer:	Mr Leo Cartwright BA(Hons) Business Studies
Facilities & Administration Manager:	Mr Chris Martin B.Bus Dip.Proj.Mgt Dip.Sus

Pharmacies

Bacchus Marsh Pharmacy

Manager:	Mrs Joy Durham B.Pharm. M.P.S Dip.Mgt
Retail Coordinator:	Mrs Nadene Leslie

Ballan Pharmacy

Manager:	Mr Lee Scullion M.Pharm. M.P.S MRPharmS
Acting Retail Coordinator:	Ms Sarah Bouvet

Beaufort Pharmacy

Manager:	Mr Mandeep Matharu B.Pharm(Hons), IPresc, CiCPM, CIMDM
Retail Coordinator:	Ms Marita Rowe

Bridge Mall Pharmacy

Manager:	Mrs Kathryn Fischmann B.Pharm. M.P.S
Retail Coordinator:	Mrs Dianne Edwards

Delacombe Pharmacy

Manager:	Mrs Amanda Rushton B.Pharm. M.P.S Dip.Mtg. Adv.Dip.Bus.HR
Retail Coordinator:	Ms Jeni Goodman

Golden Point Pharmacy

Manager:	Ms Sarah Glyde B.Pharm. M.P.S
Retail Coordinator:	Ms Areanne Cameron

Melton Central Pharmacy

Manager:	Ms Sarah Lum B.Pharm(Hons) M.P.S, Grad Cert Wound Care, Grad Cert Pharm Prac, AACPA
Retail Coordinator:	Mrs Nil Fagallo

Melton South Pharmacy

Manager:	Mr Victor Van B.Pharm. M.P.S
Retail Coordinator:	Ms Alyssa Ethernon

Mt Clear Pharmacy

Manager:	Ms Pauline Molloy B.Pharm. MAACP. M.P.S Adv.Dip.Mgt Adv.Dip.Bus.HR
Retail Coordinator:	Ms Lia Cody

Sebastopol Pharmacy

Manager:	Mr Matthew Chester B.Pharm. M.P.S Adv.Dip.Bus.HR
Retail Coordinator:	Mrs Jenny Cameron

Sturt Street Pharmacy

Manager: Mr Peter Fell B.Pharm M.P.S
Retail Coordinator: Mrs Michelle Bennetts

Tarnit Pharmacy

Pharmacist in Charge: Miss Evelyn Lee B.Pharm.(Hons) M.P.S

Victoria Street Pharmacy

Manager: Mr Stewart Sheriff B.Pharm M.P.S
Retail Coordinator: Miss Caitlin Raftery

Wendouree Pharmacy

Manager: Ms Megan Barratt B.Pharm. M.P.S
Retail Coordinator: Ms Linda Cowan

UFS Medical

Practice Manager: Ms Talei Deacon BSc (Biomed) Grad.Dip(HSM)
Deputy Practice Manager: Ms Michele Turner
Practice Coordinator, Bridge Mall: Ms Katrina O'Keefe
Practice Coordinator, Doveton St: Ms Michele Turner
Practice Coordinator, Sturt St: Mrs Jenny Odgers
Practice Coordinator, Buninyong: Mrs Sandy Eden
GP Advisor: Mr Tony Bongiorno MBBS DipRACOG
Clinical Nurse Advisor: Mrs Tamara Warland RN Div1

Other Businesses

Cherub Cards & Gifts

Manager: Ms Nicky Cowley

Peace & Quiet

Manager: Ms Claire Stafford Adv.Dip.B.Therapy Adv.Dip.Mgt Adv.Dip.Bus.HR

Warehouse

Manager: Mr Stephen O'Dea

Solicitors: Heinz & Partners, Ballarat
Bankers: Commonwealth Bank
Registered Office: 206 Armstrong St Nth, Ballarat Victoria 3350

CHAIRMAN'S REPORT

2014 has been a year of significant challenges for UFS and a year in which we have continued to deliver exceptional services for our members whilst also dealing with great change.



The implementation of our new point of sale software has allowed full integration of our internal systems. Whilst there is no question that this provides an unprecedented availability and intercommunication of information, it has also taken a lot of work and patience by our dedicated staff over an extended period. There is no question that great efficiencies and better performance management will continue to flow as we embed this within UFS.

Government PBS pricing policy continues to considerably impact our bottom line in pharmacy and the focus on the reduction of costs - at the same time shifting towards more professional service provision to pharmacy patients - has been a difficult scenario to balance but has been a challenge embraced by staff.

The additional preventative healthcare services offered by our pharmacies and the provision of private consultation rooms are some of the initiatives introduced throughout the year in helping to better service our community healthcare needs. Training and support are critical to achieving this and the performance of our pharmacists has been excellent. We also held the first of our public health information sessions, with over 100 women attending a Women's Health Evening to learn more about how to improve their health. Adding to this, our new UFS website and social media platforms are better enabling us to communicate with members and non-members alike.

We were excited to open UFS Medical in Buninyong in November, better servicing patients in the area and bringing our Medical Centres to a total of 4.

Peace & Quiet was again showered with accolades this past year, including winning Best Rural Day Spa, Best Day Spa Experience and Best Day Spa Manager at the 2013 Australasian Spa Association Awards. Well done to Claire Stafford and her team.

We are proud of our continued support of worthy causes, including our involvement with Run Ballarat, where we helped raise over \$150,000 for the Children's Ward at the Ballarat Base Hospital. UFS made donations to over 194 separate organisations and causes throughout the year as we continue our philanthropic commitment to the communities in which we operate.

I would like to take this opportunity to thank my fellow Directors for their expertise and diligence throughout the year. Special mention must be made of Director Pauline Baker, who retired in December after 18 years on the Board. Thank you Pauline for your significant contribution to the success of UFS over so many years. We also welcomed Virginia Fenelon to the Board of Directors, further adding to our strong governance and broader healthcare focus. The Board is extremely mindful of the rich UFS legacy to be upheld and are focused upon good governance and strategy that ensures UFS continues to flourish.

I would like to recognise the UFS Management Team, led ably by our indefatigable CEO Lynne McLennan, and to acknowledge Lynne's efforts and the efforts of her Team in servicing our members and performing above all expectations, remaining proactive and positive in the face of the great amount of work undertaken this year. I note that Lynne has further enhanced her impressive reputation and involvement in the pharmacy industry, being elected National President of AFSPA (Australian Friendly Society Pharmacies Association) which is our key national body representing the interests of mutual pharmacy groups across Australia to Government and other key stakeholders.

Finally, I would like to thank the broader UFS staff for their ongoing efforts under pressure. The pride and enthusiasm amongst staff for what they do is at the heart of our mission to improve the health and well-being of our community and we are proud of the spirit in which this work is performed and the values exhibited daily in dealing with each other, patients and customers.

Jacinta Rivett
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

There has been a significant increase in the complexity of the challenge facing community pharmacy over the last twelve months.

The acceleration of the Weighted Average Price Disclosure regime by the Commonwealth Government in September 2013 had the effect of reducing even more rapidly the shrinking margin for dispensing PBS prescriptions. Since the election of the new Federal Government, further initiatives such as the proposed co-payment for GP visits and increased PBS co-payments have eroded consumer confidence and created significant concerns across all community pharmacy sectors.

The recent review of Competition Policy by Professor Ian Harper has done little to instil confidence in the sector, suggesting that deregulation of pharmacy ownership and location rules should be considered. UFS is actively lobbying via our national association AFSPA and in collaboration with the Pharmacy Guild of Australia, to ensure Government understands the significant contribution of community pharmacy, and the probability of the decimation of a key element of our healthcare system if these changes were to be adopted.

In the meantime, UFS is engaged in a significant transition in our pharmacies, with a number of changes becoming visible to our loyal members. We are sharpening our focus on our healthcare services, and a range of professional services, including sleep apnoea, diabetes risk assessment and other health screening and advice programs, have been introduced to our pharmacies and are receiving a very positive response. Some members may also notice our range of "sundries" reducing in the stores as we move out those items which can readily be purchased in a supermarket and expand our healthcare ranges where purchases should optimally be accompanied by healthcare advice.

As part of our transition, UFS has also implemented a new Point of Sale (POS) system, PRONTO, which will improve our supply function and provide much more sophisticated information to our pharmacy and office staff to enable them to manage and monitor the business. The PRONTO project has been less evident to customers than other changes, apart from some short-term delays and a new-look tax invoice, however a lot has been happening under the waterline! This implementation has been a huge project, affecting 24 different business sites, and has



consumed significant staff resources. However, it is now coming to a successful conclusion and the benefits are becoming evident. I would like to thank all staff at UFS who have been involved in this project, both at office and pharmacy locations.

A number of senior UFS staff members left us to pursue other opportunities during the last year. Long-serving Employee Services Manager, Joanne Innes, moved into the hospital sector after 25 years at UFS, leaving an outstanding record of achievement behind her. Joanne was responsible for establishing the personnel function at UFS and was an invaluable advisor and resource to both staff and the Board. Trudy Cuttler also left her senior purchasing role after a similar lengthy period of very dedicated service to our members. Mr Peter Cartledge resigned from the position of Warehouse Manager to make a career change. After a truly meritorious career, most recently with UFS, Pharmacy Manager Doug Prentice retired from his role as Manager of the Dose Administration Aids Packing service at Bacchus Marsh and was farewelled by a large contingent of his friends and colleagues.

We have been fortunate to welcome Claire Huntington to the role of Employee Services Manager and Stephen O'Dea to the Warehouse manager position. Whilst there has been some movement with administration staff, there have fortunately been no changes in Pharmacy Manager roles during the last twelve months.

The UFS Medical Centres have continued to expand with a fourth centre opening at Buninyong in the rooms adjacent to our pharmacy after the BMC group decided to move into standalone premises. This centre is well-placed to provide additional GP, allied health and nursing services to the growing population in Buninyong.

We have welcomed new GPs Dr Sanjeev Joshi, Dr Alana Gimpel, Dr Nas Jaffer, Dr Paul Kurian, Dr Niv Sharma and Dr Andrew Webster to UFS Medical. All of our new doctors have extensive qualifications and experience and are proving very popular with our patients.

On behalf of all UFS members, I wish to extend thanks to our committed staff at UFS who have risen to the challenges posed by significant change during the last twelve months and, as has been the case for last 134 years, remained focussed on serving our members interests.

Lynne McLennan
Chief Executive Officer

THE YEAR IN REVIEW 2013/2014

Peace & Quiet Wins Prestigious 'Best Spa Manager' Award

Peace & Quiet has three more reasons to celebrate after receiving three awards at the 2013 Australasian Spa Association Awards (ASPA) in September. The prestigious awards include Best Day Spa (Rural), Best Day Spa Experience and Best Day Spa Manager, an award Centre Manager Claire Stafford also won in 2012.



New Professional Services Available at UFS

A bevy of new professional services were added to the list of available services to both members and non-members during 2013/14. There are a range of both low fee and free services available at all UFS Pharmacies, including blood pressure monitoring, COPD Screening and atrial fibrillation screening.



New Buninyong UFS Medical Centre

The Buninyong community now has access to increased medical services with a new UFS Medical Centre opening in November.

UFS Medical attracted Sydney GP Dr Alana Gimpel to the area which is a win for the community and the many families who are still looking for a GP.

The new centre is adjacent to the UFS Pharmacy in Buninyong and St. John of God Pathology is now operating on-site. The centre is open Monday to Friday 8.30am to 5.30pm.

THE YEAR IN REVIEW 2013/2014

UFS Sponsors Run Ballarat

UFS teamed up with Run Ballarat for the second year in a row to help raise valuable funds for the Children's Ward at Ballarat Health Services. The event was a massive success raising over \$150,000. Over 3,000 entrants ran the iconic course down Sturt Street and around Lake Wendouree.



Women's Health Evening: Healthy Active Ageing

Over 100 women came together for an evening of information, learning and laughs at the Doveton Street UFS Medical Centre on Wednesday 21 May. The event included presentations by UFS Medical GP Dr Alana Gimpel, UFS Medical Practice Nurse Tracey Murphy and Ambassador for Ageing Noeline Brown. Ms Brown discussed the importance of keeping active as you age including being active physically, mentally and technologically.

Local Family Wins Trip to Kangaroo Island

Jeanette Dow celebrated winning the MemberCare News promotion in style. The lucky winners received flights and accommodation to Adelaide, as well as flights and accommodation to Kangaroo Island. Congratulations to Jeanette.



THE YEAR IN REVIEW 2013/2014

UFS Launches New Website

UFS launched its new website on Thursday 1 June which is fully integrated with the PRONTO point of sale system. The website now allows non-members to purchase their UFS membership online and allows current members the ability to:

- renew their membership
- update their details securely
- request sales/history information
- request membership cards
- purchase gift vouchers
- and much more!



Remodelling takes place at UFS Pharmacies

A number of the UFS Pharmacies have undertaken transformations in 2013/14 with the addition of private consulting rooms to enable one on one interaction between the pharmacist and the customer. The consultation rooms will allow for increased service offerings to both members and non-members in a safe and discreet environment.



CHARITABLE DONATIONS

Donations - \$4,701.36

Sponsorship - \$27,694.80

Total \$32,396.16

Major Sponsorships

Commerce Ballarat Business Excellence Awards

United Way Business Professionals Breakfast

Royal South Street Society

Best O' Lake Program

Run Ballarat

Ballarat Basketball Association

Buninyong Good Life Festival

WestVic Academy of Sport

Sponsorships

Ballarat Girls' Night Out

Deaf Children Australia

Sovereign Hill Foundation

Mt Wallace Fire Brigade

Leadership Ballarat & Western Region

Ballarat Lions Club Kids Show

Ballan Jockey Club

Ballarat Regional Multicultural Society

Skipton Cricket Club

St Brendan's Primary School - The Mountain of Fun Run

Jean Hailes Women's Health Week Ballarat Event

McCallum Disability Services

Buninyong Good Life Festival

Beaufort Golf Club

Girls' Night In

Mt Clear Secondary College

Organs of the Goldfields

Vet in Schools

3BA Christmas Appeal

Ballarat Sports Foundation

Ballarat Athletic Club

Mt Clear Junior Football Club

Ballarat Sebastopol Cycling Club

Hepburn Health

Wendouree Probus Club

Relay For Life

Best O' Lake

Support4Cancer

Women's Health Evening

Alzheimer's Australia

Beaufort Early Childhood Centre Parents & Friends

Studio Arc Dance Studio Ballarat

Waubra Football Club

Rotary Club of Bacchus Marsh

Springfest

Committee For Ballarat

PWE Anthology Press

Rokewood Football Netball Club

Donations

Alfredton Primary School

April's Recovery

Australian Youth Arts and Autism

Australians Biggest Morning Tea

Bacchus Marsh & District Indoor Bias Bowls Association

Bacchus Marsh Pony Club

Bacchus Marsh Soccer Club

Ballarat Basketball

Ballarat Centre for Music & Arts

Ballarat Christian College

Ballarat Community Gardens

Ballarat Dance Works

Ballarat Dog Obedience Club

Ballarat Fire Brigade

Ballarat Goju Ryu Karate Club

Ballarat Health Services

Ballarat Hospice

Ballarat JFD Foundation

Ballarat Ladies Probus

Ballarat Masters Football Club

Ballarat North Kindergarten

Ballarat North Primary School

Ballarat Salvation Army

Ballarat & Clarendon College	Girrabanya Children's Centre	RUOK Foundation
Ballarat Travellers	Good Friday Appeal	Saints Basketball Club
Ballarat Pink Phoenix	Good2gr8 Coaching	Sebastopol Primary School
Beaufort and Skipton Health	Grampians Mental Health	Sebastopol West Kindergarten
Beaufort Early Childhood	Hands 4 Hearts	Skipton Golf Club
Beaufort Golf Club	Heart Beat	Skipton Kindergarten
Beaufort Skipton Health	Home Residential Care	Skipton Primary School
Bellbrook Gardens	Invermay Topic Club	Skipton Progress Association
Biggest Morning Tea	Iris Ramsay Kindergarten	South Sudanese Village
Breast Cancer Australia	Jean Hailes Foundation	Sovereign Callisthenics College
Breast Cancer In Women	Jubilee Kindergarten	Special Olympics Ballarat
Brown Hill Kindergarten	Lakeside Anglers	St Aloysius Parish School Redan
Buninyong RSL	Lead On	St Bernard's Parish
Canadian Lead Primary School	Leukaemia Foundation	St Dominic's Primary School
Cancer Council Australia	Loreto Rowing Club	St Francis Xavier Primary School
Casey's Cause	Make a Wish	St James Parish School
Central Highlands Football League Fundraising Day	McDonalds MHappy Day	Starlight Foundation
Central Wendouree Bowling Club	Melton Centrals Netball Club	Support 4 Cancer
Cerebral Palsy	Miners Rest & District Lions Club	The Anglican Parish of St. Matthews Wendouree
Coimadaí Fire Brigade	Modellers of Ballarat	The Children Sanctuary
Cooper Van Der Molen Fund	Mount Clear Primary School	The Friends of Melton Botanic
Creswick Brass	Mymiong Primary School	Trinity Gardens Nursing Home
Cystic Fibrosis	Napoleons Primary School	Uniting Care Ballarat
Digital Impressions Online	Nazareth House	Villa Maria
Djerriwarrh Health Services	Peter Mac Cancer Centre	Vision Australia
Down Syndrome Victoria	Philippines Typhoon	Wala Animal Sanctuary
Dragons Abreast Ballarat	Phoenix Basketball Club	Warrenheip Primary School
Dunnstown Football Club	Phoenix College	Wendouree Uniting Church
Emmaus Primary School	Phoenix Community College	Woody Yaloak Primary School
Employment Access	Pink Ribbon	World Challenge
Eureka Diabetes Group	Relay for Life	World's Greatest Shave
Exford Primary School	Returned and Services League of Australia	York Street Church
Eynesbury Fire Brigade	Rokewood Kindergarten	
Farm to Pub	Rokewood Rural fire Brigade	
Federation University	Rowan View Primary School	
Fidelity	Royal Children's Hospital	
Fiona Elsey Cancer Research Centre	Royal Women's Hospital	
Girls' Night Out	Rotary Club of Bacchus Marsh	

DIRECTORS' REPORT

UFS Dispensaries Ltd ABN 49 087 822 259

Your directors present their report on the company for the financial year ended 30 June 2014.

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

Ms Jacinta M Rivett
Dr Paul Martin
Mrs Peta L Clark
Mrs Anne J Smail
Mr Ian G Schrader
Mr Andrew A Howard
Mr Graeme H Dixon
Ms Virginia Fenelon (appointed 21.5.14)
Mrs Pauline B Baker (retired 18.12.13)

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 broaden the community service offering 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 company's strategy is to leverage its superior customer service and health related advice to develop strong relationships with our customer and membership base. In addition, broadening our service offering by the introduction of professional services not currently being offered in the market place and continually assessing market opportunities to expand our network of facilities.

Performance Measures

The company 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:

Mr Tyrone G McCuskey CPA. Mr McCuskey has worked for UFS Dispensaries Ltd since February 2010, in the role of Chief Financial Officer, and was appointed Company Secretary on 17th February 2010.

Principal activities

The principal activities of the company 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 company's principal activities occurred during the year.

Operating result and review of operations

The profit of the company for the financial year after providing for income tax amounted to \$41,789 (\$2,802,274 loss for the 2013 year).

Dividends

The company's constitution precludes the payment of dividends.

Significant changes in state of affairs

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

After balance date events

No matters or circumstances have arisen since the end of the financial year, and the date of this report, which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future developments

Likely developments in the operations of the company 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 company.

DIRECTORS' REPORT

UFS Dispensaries Ltd ABN 49 087 822 259

Environmental regulations

The company'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 company 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 and one MasterCard for approved company use.

This indemnity was prepared by the company'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 company.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company 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 the following page.

Ms Jacinta M Rivett

Qualifications

Experience

Special Responsibilities

Chairman

B.A. LLB GAICD

Appointed to the Board in 2007. Ms Rivett is Legal Counsel for Ambulance Victoria (AV), having commenced with AV in 2003. Ms Rivett also previously worked in various areas whilst in private legal practice. Ms Rivett has 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.

As Chairman of the Board, Ms Rivett is an ex-officio member of all Board Committees.

Dr Paul D Martin

Qualifications

Experience

Special Responsibilities

Deputy Chairman

MBBS DRCOG

Appointed to the Board in 2010. Dr Martin has 26 years' experience as a General Practitioner including over 20 years at Ballarat's Mair Street General Practice. Following this, Dr Martin spent over 12 months with UFS Medical establishing medical protocols and acting as GP advisor.

Chairman of Audit Committee.

Mrs Peta L Clark

Qualifications

Experience

Special Responsibilities

CPA Grad. Dip. CSP MAICD

Appointed to the Board in 2004. Mrs Clark has 20 years' corporate accounting experience. Mrs Clark is currently the Senior Manager Commercial Services of Centacare, Catholic Diocese of Ballarat Inc. Mrs Clark has a broad experience in community based organisations.

Member Remuneration and Business Development Committees.

DIRECTORS' REPORT

UFS Dispensaries Ltd ABN 49 087 822 259

Mrs Anne J Smail

Qualifications

PhC Mat. Med

Experience

Appointed to the Board in 2003. Mrs Smail is a qualified pharmacist and former employee of UFS Dispensaries Ltd, and managed the Bridge Mall store for over twenty years, and in total has spent over forty years practising as a pharmacist. Most recently Mrs Smail had been employed by the Ballarat Division of General Practice and was a Home Medication Management Review Facilitator.

Special Responsibilities

Member Audit and Remuneration Committees.

Mr Ian G Schrader

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 management duties, Mr Schrader owned and operated his own printing company.

Special Responsibilities

Member Audit Committee.

Mr Andrew A Howard

Qualifications

Grad Dip Admin

Experience

Appointed to the Board in 2009. Mr Howard is a small business owner. Mr Howard has over 15 years' management and executive experience in the health and disability sector and was Chief Executive Officer of the Ballarat & District Division of General Practice for 6 years. Mr Howard was also a member of the St Columba's Primary School Board for 4 years (two as Chairman) and was the Chair of the 2003 Ballarat Health Awards.

Special Responsibilities

Chairman of Business Development Committee.

Mr Graeme H Dixon

Qualifications

Dip Business; Bachelor Business; CPA and FCIS

Experience

Appointed to the Board in 2011. Mr Dixon has 36 years of corporate finance/accounting/treasury and company secretarial experience. Mr Dixon is currently the General Manager of several businesses located in Australia and Asia. Mr Dixon has held directorships in a number of Australian and Asian companies and is a member of the Finance, Audit and Risk Management Committee of the Committee for Ballarat.

Special Responsibilities

Member Audit and Remuneration Committees.

Ms Virginia Fenelon (appointed 21.5.14)

Qualifications

Master of Education, HDTS

Experience

Appointed to the Board in 2014. Virginia is currently working as an Education and Training Consultant. Prior to 2008 Virginia had 10 years in various senior education roles at the University of Ballarat, 10 years at SMB, TAFE as a teacher and education manager and 10 years as a secondary school teacher. Virginia has wide experience as a Director on education boards across all sectors and has been a Director on the Ballarat Health Services Board since 2009.

Mrs Pauline B Baker (retired 18.12.13)

Experience

Appointed to the Board in 1994. Mrs Baker has extensive secretarial experience and is a director of a private investment company. Mrs Baker's business experience includes over thirty years as a partner in business in the investment, real estate and banking industries.

Special Responsibilities

Member Remuneration and Business Development Committees.

DIRECTORS' REPORT

UFS Dispensaries Ltd ABN 49 087 822 259

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
JM Rivett	6 (7)	4 (5)
PD Martin	7 (7)	4 (5)
PL Clark	7 (7)	4 (5)
AJ Smail	6 (7)	4 (5)
IG Schrader	6 (7)	5 (5)
AA Howard	6 (7)	4 (5)
GH Dixon	4 (7)	3 (5)
V Fenelon	1 (1)	1 (1)
PB Baker	4 (4)	3 (3)

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



JM Rivett
Chairman



PD Martin
Chairman: Audit Committee

Dated this 15th day of October 2014

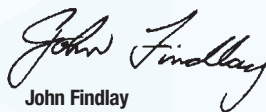
Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of UFS Dispensaries Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 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.

CROWE HORWATH WEST VIC

CH



John Findlay
Audit Partner

21 Armstrong Street North, Ballarat, Vic

Dated this 15th day of October 2014

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

	Note	2014 \$	2013 \$
INCOME			
Revenue	2	62,320,450	62,049,947
Other Income	2	311,364	186,988
Changes in Inventories		(425,453)	109,945
Purchases		(32,440,420)	(33,439,314)
Employee Benefits Expense		(18,389,149)	(17,801,224)
Depreciation		(1,068,006)	(1,003,796)
Finance Costs		(670,352)	(893,301)
Other Expenses		(8,252,540)	(8,394,111)
Impairment of Non Current Assets		(1,344,106)	(3,617,408)
PROFIT BEFORE INCOME TAX	3	41,789	(2,802,274)
Income Tax (Expense) / Benefit		0	0
PROFIT FOR THE YEAR		41,789	(2,802,274)
PROFIT ATTRIBUTABLE TO MEMBERS		41,789	(2,802,274)



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

Note	2014 \$	2013 \$
PROFIT (LOSS) FOR THE YEAR	41,789	(2,802,274)
Other Comprehensive Income:		
Net Gain/(Loss) on Revaluation of Land and Buildings	1,259,379	220,667
Net Gain/(Loss) on Revaluation of Financial Assets	(2,901)	8,702
Other Comprehensive Income for the Year, Net of Tax	1,256,478	229,369
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,298,267	(2,572,905)
Total Comprehensive Income Attributable to:		
Members	1,298,267	(2,572,905)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6	1,567,246	665,705
Trade and Other Receivables	7	3,618,837	2,567,814
Inventories	8	4,251,196	4,676,649
Other Assets	9	202,648	221,279
TOTAL CURRENT ASSETS		9,639,927	8,131,447
NON-CURRENT ASSETS			
Investments	10	57,001	61,145
Property, Plant and Equipment	11	23,013,789	21,088,940
Intangible Assets	12	5,147,100	6,371,206
TOTAL NON-CURRENT ASSETS		28,217,890	27,521,291
TOTAL ASSETS		37,857,817	35,652,738
CURRENT LIABILITIES			
Trade and Other Payables	13	5,969,016	5,474,837
Borrowings	14	9,397,350	9,397,350
Current Tax Liabilities	15	(938)	(938)
Provisions	16	2,186,009	2,016,721
Other Liabilities	17	218,910	227,516
TOTAL CURRENT LIABILITIES		17,770,347	17,115,486
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities	15	91,900	(19,385)
Provisions	16	796,204	655,072
Other Liabilities	17	34,923	35,389
TOTAL NON-CURRENT LIABILITIES		923,027	671,076
TOTAL LIABILITIES		18,693,374	17,786,562
NET ASSETS		19,164,443	17,866,176
EQUITY			
Reserves	18	4,613,820	3,357,342
Retained Earnings		14,550,623	14,508,834
TOTAL EQUITY		19,164,443	17,866,176

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2012	17,311,108	3,127,973	20,439,081
Total Comprehensive Income for the Year	(2,802,274)	229,369	(2,572,905)
Transfer of Revaluation Surplus	0	0	0
Balance as 30 June 2013	<u>14,508,834</u>	<u>3,357,342</u>	<u>17,866,176</u>
Balance at 1 July 2013	14,508,834	3,357,342	17,866,176
Total Comprehensive Income for the Year	41,789	1,256,478	1,298,267
Transfer of Revaluation Surplus	0	0	0
Balance as 30 June 2014	<u>14,550,623</u>	<u>4,613,820</u>	<u>19,164,443</u>

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		62,345,975	61,718,390
Other Receipts Received		160,500	144,470
Payments to Suppliers and Employees		(59,184,738)	(58,790,479)
Dividends Received		3,174	3,014
Interest Received		16,982	72,732
Finance Costs		(670,352)	(893,301)
Net Cash Provided by (Used in) Operating Activities	20	2,671,541	2,254,826
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment		49,000	43,069
Purchase of Property, Plant and Equipment		(1,699,000)	(1,426,810)
Purchase of Business and Licences		(120,000)	(60,000)
Net Cash Provided by (Used in) Investing Activities		(1,770,000)	(1,443,741)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		0	(4,090,000)
Net Cash Provided by (Used in) Financing Activities		0	(4,090,000)
NET INCREASE/(DECREASE) IN CASH HELD			
Cash at Beginning of Financial Year		901,541	(3,278,915)
Cash at End of Financial Year	6	1,567,246	3,944,620 665,705

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

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 UFS Partnership.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. 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 13 Fair Value Measurement and AASB 201-8 Amendments to Australian Accounting Standards arising from AASB 13

UFS Dispensaries Ltd has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

UFS Dispensaries Ltd has applied AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119. The standard changed the definition of short-term employee benefits from 'due to' to 'expected to' be settled within 12 months.

Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

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(f)) 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 pay 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 any income they make for 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 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 against which deductible temporary differences 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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

(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 and includes expenditure incurred in acquiring and bringing the inventories to their present condition and location. Net realisable value is determined on the basis of the normal sales pattern.

(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 revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

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 profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable overheads.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

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 or the diminishing value method 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	2.5 - 10%
Leased plant and equipment	2.5 - 25%
Plant and equipment	5.0 - 66.67%

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.

(e) 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 principal 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.

(f) 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 and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. 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 with indefinite lives.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

(g) 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.

(h) 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.

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 national government 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.

(i) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, deposits held at call and on short-term with banks or financial institutions maturing within three months, net of bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

(k) Investments

Investments, being shares in listed corporations, are reflected at fair value which is determined by reference to quoted market bid prices at the close of business on the reporting date. Unrealised gains and losses arising from changes in market value are taken directly to equity through the asset revaluation reserve.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of each reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

(m) Trade and Other Payables

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.

(n) Asset Revaluation Reserve

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

(o) 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.

(p) 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.

(q) Comparative Figures

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

(r) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

Estimate of Fair Value of Property

The company has property with a carrying value of approximately \$18 million, representing the estimate of fair value at balance date. The property represents a high proportion of the total assets of the entity.

Fair value has been determined by an independent external valuation of the property at 30 June 2014 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.

Estimation of Useful Lives of Assets

The company determines the estimated useful lives and related depreciation 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 company 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 \$1,344,106 has been recognised in respect of goodwill at the end of the reporting period (\$3,617,408 for the 2013 year).

Using value-in-use calculations all pharmacies carrying a goodwill component were tested for impairment using growth rates between 2.5% and 9.95% and a discount rate of 18.0%.

Employee Benefits Provision

As discussed in Note 1(h), 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.

(s) Financial Instruments

Initial Recognition and Measurement

Financial instruments are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the statement of comprehensive income immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where applicable, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principle repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method;
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of comprehensive income.

The entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial Assets at Fair Value Through Profit and Loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment management strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

(iii) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(iv) Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period, which will be classified as current assets.

(v) Loans and Receivables

Loans and receivables are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within twelve months after the end of the reporting period, which will be classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of Financial Assets

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of comprehensive income.

NOTE 2: REVENUE

	Note	2014 \$	2013 \$
Sale of Goods		56,182,741	56,588,564
Services Revenue		4,299,955	3,961,913
Dividends Received & Franking Credits	2a	3,174	3,014
Interest Received	2b	16,982	72,732
Other Revenue		1,817,597	1,423,724
Total Revenue		62,320,450	62,049,947
Other Income		341,748	191,389
Net Gain/(Loss) on Disposal of Property, Plant & Equipment		(30,384)	(4,401)
Total Other Income		311,364	186,988
a. Dividend Revenue From:			
Other Corporations		3,174	3,014
b. Interest Revenue From:			
Other Entities		16,982	72,732
TOTAL REVENUE		62,631,813	62,236,935

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

NOTE 3: PROFIT BEFORE INCOME TAX

	2014	2013
	\$	\$
Expenses		
Cost of Sales	32,865,873	33,329,369
Finance Costs	670,352	893,301
Impairment of Non Current Assets	1,344,106	3,617,408
Depreciation	1,068,006	1,003,796
Rent Expenses	625,744	560,820
Legal Costs	32,962	12,517
Remuneration of Auditor : Audit Services	58,000	49,000
Remuneration of Auditor : Accounting Services	2,000	7,100
Wages	14,301,418	15,170,641
Superannuation Expense	1,396,690	1,365,588
Key Management Personnel Wages	1,472,417	1,444,956

NOTE 4: INCOME TAX EXPENSE

a. The components of tax expense comprise:

Current Tax	0	0
Under/(Over) Provision in Respect of Prior Years	0	0
	0	0

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% (2013: 30%)	12,537	0
Add:		
Tax effect of:		
Depreciation of buildings	(1,070)	(1,662)
Franking credits received	408	387
Other non-allowable items	490,261	695,149
Absorption costing adjustments	75,963	(52,908)
Less:		
Tax effect of:		
Rateable fully franked dividends	(408)	(387)
Non assessable income	577,691	640,579
Income Tax Expense	0	0

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

NOTE 4: INCOME TAX EXPENSE (continued)

	2014	2013
	\$	\$
c. Tax effect relating to other comprehensive income:		
Deferred Tax	(111,285)	(20,167)

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

Unrecognised deferred tax assets

Deductible temporary differences	1,026,152	834,441
Tax losses	4,123,389	3,961,499

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 the future taxable profit will be available against which the entity can utilise the benefits from.

NOTE 5: REMUNERATION AND RETIREMENT BENEFITS

	Short-term Benefits	Post- employment Benefits
2014		
Directors	107,466	10,209
2013		
Directors	105,301	5,943

NOTE 6: CASH AND CASH EQUIVALENTS

	2014	2013
	\$	\$
Cash at Bank and on Hand	1,567,246	660,977
Bank Deposits at Call	0	4,728
TOTAL CASH AND CASH EQUIVALENTS	1,567,246	665,705

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

NOTE 7: TRADE AND OTHER RECEIVABLES

	2014	2013
	\$	\$
Trade Debtors	1,396,838	1,241,714
Accrued Income	27,249	173,847
Other Debtors and Receivables	2,194,750	1,152,253
TOTAL RECEIVABLES	3,618,837	2,567,814

NOTE 8: INVENTORIES

Finished Goods	4,251,196	4,676,649
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NOTE 9: OTHER ASSETS

Prepayments	202,648	221,279
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NOTE 10: INVESTMENTS

Market Value of Shares in Listed Corporations	57,001	61,145
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NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	\$	\$
LAND AND BUILDINGS		
Land		
Freehold Land at Valuation	7,723,000	7,275,770
Buildings		
Buildings at Valuation	10,549,038	9,591,004
Less Accumulated Depreciation	0	0
Total Land and Buildings	18,272,038	16,866,774
Plant and Equipment		
Plant and Equipment at Cost	10,981,035	9,611,730
Less Accumulated Depreciation	(6,239,284)	(5,389,564)
Total Plant and Equipment	4,741,751	4,222,166
TOTAL PROPERTY, PLANT AND EQUIPMENT	23,013,789	21,088,940

Land and Buildings Carried at Valuation

All freehold land and buildings were independently valued at 30 June 2014 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 YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

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 2012	7,275,770	9,410,695	3,819,534	20,505,998
Additions	0	97,494	1,329,318	1,426,812
Disposals	0	0	(53,010)	(53,010)
Net transfers between classes	0	0	(29,710)	(29,710)
Revaluation Increments/(Decrements)	0	242,645	0	242,645
Depreciation Expense	0	(159,830)	(843,966)	(1,003,796)
Balance at 30 June 2013	7,275,770	9,591,004	4,222,166	21,088,940
Additions	0	198,027	1,500,973	1,699,000
Disposals	0	0	(79,384)	(79,384)
Net transfers between classes	0	0	4,899	4,899
Revaluation Increments/(Decrements)	447,230	921,110	0	1,368,340
Depreciation Expense	0	(161,103)	(906,903)	(1,068,006)
Balance at 30 June 2014	7,723,000	10,549,038	4,741,751	23,013,789

NOTE 12: INTANGIBLE ASSETS

	2014 \$	2013 \$
Goodwill at Cost	11,181,370	11,061,370
Accumulated Impairment Losses	(6,034,270)	(4,690,164)
Net Carrying Value	5,147,100	6,371,206
Reconciliation of Goodwill		
Balance at the Beginning of the Year	6,371,206	9,928,614
Additions	120,000	60,000
Impairment Losses	(1,344,106)	(3,617,408)
Closing Carrying Value	5,147,100	6,371,206

NOTE 13: TRADE AND OTHER PAYABLES

Trade Creditors	4,497,345	4,078,994
Sundry Creditors and Accrued Expenses	1,471,671	1,395,843
TOTAL PAYABLES	5,969,016	5,474,837

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

NOTE 14: BORROWINGS

	2014 \$	2013 \$
Current		
Bank Bills Secured	9,397,350	9,397,350
	<hr/> 9,397,350	<hr/> 9,397,350
Non-Current		
Bank Bills Secured	0	0
	<hr/> 0	<hr/> 0

Under AASB 101 Presentation of Financial Statements, all loan facilities are required to be treated as current liabilities as the company 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 company having loan facilities where repayments do not have to be made in the 12 months after the reporting period.

a. Total current and non-current secured liabilities:

Bank Bills Secured	9,397,350	9,397,350
	<hr/> 9,397,350	<hr/> 9,397,350

b. The bank bills are secured by a registered first mortgage over selected freehold properties of the company.

First Mortgage

Freehold Land and Buildings	17,676,502	16,303,116
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Equitable Mortgage

Listed Shares at Market Value	57,001	61,145
Freehold Land and Buildings	595,536	563,658
Plant and Equipment	4,741,751	4,222,166
Goodwill	5,147,100	6,371,206

Total Assets Pledged as Security

	<hr/> 28,217,890	<hr/> 27,521,291
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c. The bank bill facility is an ongoing arrangement with the company's bankers and is subject to annual reviews.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

NOTE 15: TAX

	2014	2013
	\$	\$
Current Tax		
Income Tax	(938)	(938)
Non-Current Tax		
Deferred Capital Gains Tax on Freehold Land and Buildings	76,899	(35,630)
Deferred Capital Gains Tax on Listed Shares	15,001	16,245
Total Non-Current Tax	91,900	(19,385)

Reconciliations

Defered Tax Liability

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

Opening Balance	(19,385)	(39,552)
Tax Allowances Relating to Listed Shares	(1,243)	3,730
Tax Allowances Relating to Property	112,529	16,437
Closing Balance	91,900	(19,385)

NOTE 16: PROVISIONS

Opening Balance	2,671,793	2,381,714
Additional Provisions Raised During the Year	1,810,781	1,914,121
Amounts Used	(1,500,361)	(1,624,042)
Closing Balance	2,982,213	2,671,793

Analysis of Total Provisions

Current	2,186,009	2,016,721
Non-Current	796,204	655,072
TOTAL PROVISIONS	2,982,213	2,671,793

Provision for Long-term Employee Entitlements

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect to long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria relating to employee entitlements has been included in Note 1 to this report.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

NOTE 17: OTHER LIABILITIES

	2014	2013
	\$	\$
Current		
Membership Fees in Advance	218,910	227,516
Non-Current		
Membership Fees in Advance	34,923	35,389
TOTAL OTHER LIABILITIES	253,833	262,905

NOTE 18: RESERVES

(a) Asset Revaluation Reserve

Opening Balance	3,319,438	3,098,771
Revaluation Increment/(Decrement)	1,368,340	242,645
Other Adjustment	3,569	(5,541)
Deferred Tax Liability Adjustment	(112,529)	(16,437)
Closing Balance	4,578,818	3,319,438

(b) Share Revaluation Reserve

Opening Balance	37,904	29,202
Revaluation Increment/(Decrement)	(2,901)	8,702
Closing Balance	35,003	37,904

TOTAL RESERVES

	4,613,821	3,357,342
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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

NOTE 19: CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments	2014	2013
	\$	\$
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Operating Leases		
<i>Non-Cancellable</i>		
Not Later than One Year	497,605	557,214
Later than One Year and Not Later than 5 Years	686,906	1,100,421
Later than 5 Years	0	0
Total	1,184,511	1,657,635

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	2014	2013
	\$	\$
Capital expenditure commitments contracted for:		
Construction Project – Wendouree Pharmacy	28,645	0
Construction Project – Ballan Pharmacy	15,000	0
Construction Project – UFS Website	64,010	0
Construction Project – Pronto Software	0	470,000
Total Capital Commitments	107,655	470,000
Not Later than One Year	107,655	470,000
Total	107,655	470,000

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

NOTE 20: CASH FLOW INFORMATION

	2014	2013
	\$	\$
(a) Reconciliation of Cash Flow from Operations with Profit After Income Tax		
Profit After Income Tax	41,789	(2,802,274)
Non-cash flows in profit		
Depreciation	1,068,006	1,003,796
Goodwill impairment	1,344,106	3,617,408
Net (gain)/loss on disposal of property, plant & equipment	30,384	4,401
Other asset write downs	(1,333)	29,710
Changes in assets and liabilities:		
(Increase)/decrease in Receivables	(1,051,023)	(228,057)
(Increase)/decrease in Inventories	425,453	(109,945)
(Increase)/decrease in Other Assets	18,631	(37,205)
Increase/(decrease) in Payables	494,179	468,133
Increase/(decrease) in Provisions	310,420	290,079
Increase/(decrease) in Other Liabilities	(9,072)	18,783
Net Cash Flows From Operating Activities	2,671,540	2,254,826

(b) Credit Standby Arrangement and Loan Facilities

The company has a capital equity facility of \$1,500,000 available through its bankers. At 30 June 2014 the company had drawn \$2,700 of this facility (Nil for the 2013 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.

NOTE 21: EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year, and to the date of this report, which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

NOTE 22: FINANCIAL INSTRUMENTS

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

Credit risk is managed by the company and reviewed by the audit 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 company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are set out in the tables below:

(b) Financial Instrument Composition and Maturity Analysis

The tables below reflect 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.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing				Total	
					Within 1 Year		1 to 5 Years			
					2014	2013	2014	2013		
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets										
Cash and cash equivalents	2.00	2.00	1,567,246	660,977	0	0	0	0	1,567,246	660,977
Deposits at Call	3.50	3.50	0	4,728	0	0	0	0	0	4,728
Investments	0	0	57,001	61,145	0	0	0	0	57,001	61,145
Receivables	0	0	3,618,837	2,567,814	0	0	0	0	3,618,837	2,567,814
Total Financial Assets			5,243,084	3,294,664	0	0	0	0	5,243,084	3,294,664
Financial Liabilities										
Bank Bills Secured	5.01	7.62	0	0	9,397,350	9,397,350	0	0	9,397,350	9,397,350
Bank Loan Secured	0	0	0	0	0	0	0	0	0	0
Payables	0	0	5,969,016	5,474,837	0	0	0	0	5,969,016	5,474,837
Total Financial Liabilities			5,969,016	5,474,837	9,397,350	9,397,350	0	0	15,366,366	14,872,187

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

NOTE 22: FINANCIAL INSTRUMENTS (Continued)

(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.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2014		2013	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
Financial Assets				
Shares in Listed Corporations	57,001	57,001	61,145	61,145
Loans and Receivables	3,618,837	3,618,837	2,567,814	2,567,814
	3,675,838	3,675,838	2,628,959	2,628,959
Financial Liabilities				
Bank Bills Secured	9,397,350	9,397,350	9,397,350	9,397,350
Bank Loan Secured	0	0	0	0
Trade and Other Payables	5,969,016	5,969,016	5,474,837	5,474,837
	15,366,366	15,366,366	14,872,187	14,872,187

NOTE 23: FAIR VALUE MEASUREMENT

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

- Land and Buildings
- 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 YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

NOTE 23: FAIR VALUE MEASUREMENT (continued)

The table below shows the assigned level for each asset held at fair value:

2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Land and Buildings	0	18,272,038	0	18,272,038
Listed Shares	57,001	0	0	57,001
Total Assets	57,001	18,272,038	0	18,329,039

Comparative information for Land and Buildings has not been provided as permitted by the transitional provisions of the new rules.

The company 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.

NOTE 24: CAPITAL MANAGEMENT

Management control the capital of the company to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised. The audit committee ensures that the overall risk management strategy is in line with this objective.

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

NOTE 25: 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.

NOTE 26: MEMBER FUNDS

UFS Dispensaries Ltd is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. Members at 30 June 2014 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 \$22,285.50 based on 44,571 current members.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2014

UFS Dispensaries Ltd ABN 49 087 822 259

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 18 to 44, are in accordance with the *Corporations Act 2001*, and:
 - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - b. Give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



JM Rivett
Chairman



PD Martin
Chairman: Audit Committee

Dated this 15th day of October 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UFS DISPENSARIES LIMITED

Independent Auditor's Report to the Members of UFS Dispensaries Limited

We have audited the accompanying financial report of UFS Dispensaries Ltd which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation 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 s necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free of material misstatement.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of UFS Dispensaries Ltd, would be in the same terms if given to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion, the financial report of UFS Dispensaries Ltd is in accordance with the *Corporations Act 2001*, including:

1. the financial report of UFS Dispensaries Ltd is in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - complying with Australian Accounting Standards' *Reduced Disclosure Requirements* and the *Corporations Act 2001*.

CROWE HORWATH WEST VIC

CH



John Findlay

Audit Partner

21 Armstrong Street North, Ballarat, Vic

Dated this 15th day of October 2014





Regional Pharmacies

Bacchus Marsh
25-27 Grant St
5367 2134

Ballan
129 Inglis St
5368 1232

Ballarat
717 Sturt St
5331 9811

Ballarat
40 Bridge Mall
5327 0400

Ballarat
69 Victoria St
5333 1959

Ballarat
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

Golden Point
515 Main Rd
5331 4806

Melton Central
*Central Walk
Shopping Centre*
415-429 High St
9743 9080

Melton South
*Station Square
Shopping Centre*
11 Station Rd
9743 3533

Mt Clear
*Midvale Shopping
Centre*
1172 Geelong Rd
5330 2644

Sebastopol
56 Albert St
5336 0455

Skipton Depot
17 Montgomery St
5340 2105

Tarneit
939 Sayers Rd
8742 7255

Wendouree
1207 Howitt St
5339 6933

Willaura Depot
63 Main St
5354 1373

Melbourne Pharmacies

Brunswick West
228 Melville Rd
9386 6113

Coburg
501 Sydney Rd
9354 1068

Coburg North
238 Sussex St
9354 3801

Fairfield
132 Station St
9481 0289

Pascoe Vale
76 Cumberland Rd
9354 9032

Medical Centres

UFS Medical
Level 1, 40 Bridge Mall, Ballarat (03) 5327 0420
202 Doveton St Nth, Ballarat (03) 5364 9100
1008A Sturt St, Ballarat (03) 5331 2522
316 Learmonth St, Buninyong (03) 5341 3970

Other Businesses

Peace & Quiet
719 Sturt St, Ballarat
(03) 5332 1694

Cherub Cards & Gifts
727 Sturt St, Ballarat
(03) 5333 361