



2014/2015 Annual Report





UFS Dispensaries is a not-for-profit, community based organisation with an elected Board of Directors. As a mutual organisation, 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 profit 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:	Mrs J.M. Rivett <i>B.A LLB GAICD</i>
Directors:	Mr G. Dixon <i>Dip.Bus, B.Bus, CPA FCIS</i>
	Mr I.G. Schrader <i>MAICD</i>
	Mrs V. Fenelon <i>HDTS, M.Ed, MAICD</i>
	Ms G. Lyons <i>MBA, GAICD</i>
	Mr A.A. Howard <i>Grad.Dip.Admin</i>
	Dr P.D. Martin <i>MBBS DRCOG</i>
	Mrs P.L. Clark <i>CPA Grad.Dip.CSP MAICD</i>



(L-R) Andrew Howard, Virginia Fenelon, Graeme Dixon, Jacinta Rivett (Chairman), Paul Martin, Peta Clark, Gina Lyons and Ian Schrader

Administration Staff

Chief Executive Officer:	Ms Lynne McLennan <i>B.Sc M.B.A. FAICD</i>
Executive Assistant:	Mrs Mariska Pelchen
Operations Manager:	Mr Tony Diamond <i>Dip.Mgt</i>
Operations Coordinator:	Mrs Dianne Chillingsworth <i>Adv.Dip.Bus.HR</i>
Chief Pharmacist:	Mr Bobby Mehta <i>MRPharmS CiCPM CiMDM IPresc</i>
Professional Services Administration Assistant:	Ms Renee Erwin
Purchasing & Logistics Manager:	Mr Greg Harbridge <i>B. App Sc (Tex. Chem)</i>
Product Manager:	Ms Karyn Cody
Product Manager:	Mrs Angela Lawler <i>Adv.Dip.Bus.Mgt</i>
Product Manager:	Mr Barry Smith
Purchasing Officer:	Mr Jason Stevens
Purchasing Administration Officer:	Mrs Marie Loader
Purchasing Administration Officer:	Mrs Pam Moller
Marketing & Development Manager:	Mr Matthew Vallance <i>B.Mgt (Marketing), Dip.Proj.Mgt</i>
Marketing Officer:	Mrs Trudy Olszewski <i>Dip.Proj.Mgt</i>
Promotions Officer:	Mrs Jacinta Thornton
Graphic Designer:	Mr Jason Crowe
Employee Services Manager:	Mrs Claire Huntington <i>Adv.Dip Mgt</i>
Employee Services Officer:	Ms Taryn Bennett <i>B.Mgt (HRM)</i>
Employee Services Officer:	Ms Tania Lund <i>Adv.Dip.Mgt</i>
Employee Services Officer:	Ms Leisel Oliver
Chief Financial Officer:	Mrs Danielle Walker <i>B.Com CPA GAICD</i>
Business Analyst:	Mr Angus Diamond <i>Dip.Proj.Mgt</i>
Financial Accountant:	Ms Julie Hawkins <i>B.Bus.Acc C.P.A Grad.Dip.Ed</i>
Financial Accountant:	Ms Janine Howes <i>B.Bus.Acc</i>
Payroll Coordinator:	Mrs Verity Savage
Accounting Assistant:	Mr Peter Mucenieks <i>Ass.Dip.Accounting</i>
Accounting Assistant:	Mrs Kerri Bates
Accounting Assistant:	Mrs Leann Schorback
IT Systems Engineer:	Mr Robert Schenk <i>Grad.Dip.Computing Grad.Dip.Bus Dip.Com.Prog</i>
Systems Improvement Officer:	Mr Mark Thornton <i>B.Comp Dip.Proj.Mgt Dip.Sus</i>
IT Support Officer:	Mr Dean Franken <i>B.IT</i>
Facilities & Administration Manager:	Mr Chris Martin <i>B.Bus Dip.Proj.Mgt Dip.Sus GAICD</i>

Management at 30 June 2015

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

Retail Coordinator:

Mrs. Marita Rowe

Bridge Mall Pharmacy

Manager:

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

Retail Coordinator:

Mrs Dianne Edwards

Buninyong Pharmacy

Manager:

Mrs Katherine John *B.Sc.Pharm*

Retail Coordinator:

Mrs Katherina Cartledge

Delacombe Pharmacy

Manager:

Ms Kirsty Benoit *B.Pharm*

Retail Coordinator:

Ms Jeni Goodman

Doveton Street Pharmacy

Pharmacist in Charge:

Mr Pick Yaw Lai *B.Pharm Hons*

Retail Coordinator:

Ms Nicole Mason

Golden Point Pharmacy

Manager:

Position Vacant

Retail Coordinator:

Position Vacant

Melton Central Pharmacy

Manager:

Ms Li Yen Hoo *B.Pharm(Hons)*

Retail Coordinator:

Mrs Nil Fagalilo

Melton South Pharmacy

Manager:

Mr Victor Van *B.Pharm. M.P.S*

Retail Coordinator:

Ms Alyssha Etherton

Mt Clear Pharmacy

Manager:

Ms Pauline Molloy *B.Pharm. MAACP. M.P.S Adv.Dip.Mgt Adv.Dip.Bus.HR*

Retail Coordinator:

Mrs 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

Tarneit 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:

Mrs Caitlin Atkinson

Wendouree Pharmacy

Manager:

Ms Megan Barratt *B.Pharm. M.P.S*

Retail Coordinator:

Ms Elizabeth Marshman

Management at 30 June 2015

UFS Medical

Practice Manager:	Ms Talei Deacon <i>BSc. (Biomed) Grad.Dip(HSM)</i>
Deputy Practice Manager:	Ms Michele Turner
Practice Coordinator, Bridge Mall:	Mrs Katrina Howe
Practice Coordinator, Doveton St:	Ms Michele Turner
Practice Coordinator, Sturt St:	Mrs Wendy Johnstone
Practice Coordinator, Buninyong:	Mrs Sandy Eden
GP Advisor:	Dr Tony Bongiorno <i>MBBS DipRACOG</i>
Clinical Nurse Advisor:	Mrs Tamara Warland <i>RN Div1</i>

Other Businesses

Cherub Cards & Gifts

Manager:	Ms Nicky Cowley
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Peace & Quiet

Manager:	Ms Claire Stafford <i>Adv.Dip.B. Therapy Adv.Dip.Mgt Adv.Dip.Bus.HR</i>
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Warehouse

Manager:	Mr Tristan Moore
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Solicitors:	Heinz & Partners, Ballarat
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Bankers:	Commonwealth Bank of Australia
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Registered Office	206 Armstrong St Nth, Ballarat Victoria 3350
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Chairman's Report

In 2015, the Board of UFS has been extremely focused on our long-term stewardship responsibilities, ensuring the appropriate and sometimes difficult business decisions are made which will enable UFS to be here to serve our members interests for another 135 years.

Currently the UFS faces one of its greatest financial challenges in our history due to the continued savage impact of PBS reform. This has meant that regrettably plans are in hand to close the Golden Point pharmacy. We enjoyed being able to meet the needs of our customers in this accessible location, however the reduced PBS revenue has compelled us to reduce the number of trading sites in order to reduce costs and ensure the pharmacy business remains viable.

Throughout the varied parts of the UFS business, we are continuing to invest time and energy into enhancing our community health and wellbeing service offerings in order to better support the delivery of quality health outcomes for those in the communities in which UFS functions. This approach is both a challenging and exciting one. The Board believes the increasing and ongoing rapid changes in the health care sector means the time is right for the better and broader use of our pharmacies and pharmacists as primary health care resources.

Although we are operating in trying times for the pharmacy sector, there have been numerous highlights for UFS this year. We are pleased that doctor recruitment has enabled us to carry on the successful operation of UFS Medical over four sites. Our CEO Lynne McLennan was elected for a second term as the National President of the Australian Friendly Society Pharmacies Association. The Association continues to promulgate the interests of our sector with government and other key stakeholders, and has formed an important alliance with the new Business Council for Cooperatives and Mutuals.

Congratulations are due to the team at the multi-award winning Peace & Quiet, continuing its achievements this year, winning Best Rural Day Spa and Best Spa Experience at the 2014 Australasian Spa Awards of Excellence. UFS has also once again demonstrated our commitment to investing in and supporting our community, with \$32,000 provided by way of grants, donations and sponsorships. This philanthropic distribution from UFS - as a friendly society owned by members and operating for the benefit of members and local communities - sets us apart from our competitors who may have huge buying power and revenue, but who are not committed to assisting and caring for the communities in which they operate in the same way UFS is.

The past year has seen some changes to the composition of our Board, with the retirement of long-standing Director and previous UFS pharmacy manager Anne Smail. Many thanks to Anne for her outstanding contribution over so many years. We have welcomed the addition of Director Gina Lyons to the Board, bringing with her a fresh perspective, regional representation and

experience in health care management.

On behalf of the Board, I would like to thank all of the staff members of UFS, led by the Management Team and our CEO Lynne McLennan. Continued staff engagement and enthusiasm is critical to achieving ongoing success for UFS and all staff should be proud of the way in which they have performed under continuing pressure, maintaining focus on excellent patient and customer service.

I also take this opportunity to thank my fellow Directors for their contributions. They have been ever mindful of their duty of care as Directors and also as custodians of the UFS legacy and I am proud of the collegiality, diligence and expertise demonstrated throughout the year.

Jacinta Rivett
Chairman



Chief Executive Officer's Report

The last twelve months have seen continued change and evolution in the operations of UFS Dispensaries. As our pharmacy business has come under increasing and unrelenting financial pressure due to the Commonwealth Government changes to the PBS, staffing levels have continued to be adjusted to enable us to maintain viability whilst still providing the high level of service our members both expect and value.

This level of service, together with our increasing number of professional health care offerings, is a significant differentiator between UFS pharmacies and the cut-price low-service discounters.

At the same time, our Medical practices have continued to grow, with the addition of an Occupational Medicine service, based at the Doveton St Centre, providing a valued service to local businesses.

We have farewelled a number of senior staff during the last twelve months, including CFO Tyrone McCuskey who left UFS to accept a CEO role. Our Warehouse Manager Mr Stephen O'Dea left after the restructure of our warehouse operations. Pharmacy Manager Sarah Lum resigned as Manager of Melton UFS Pharmacy to pursue studies in post-graduate medicine. Mandeep Matharu resigned as Beaufort Pharmacy Manager to return to the UK.

We have been fortunate to make a number of new appointments: Danielle Walker as CFO, Tristan Moore as Warehouse Coordinator, Li-Yen Hoo as Melton Pharmacy Manager, and Kane Vorbach as Beaufort Pharmacy Manager.

Very long-serving and highly regarded GP Dr Brian Hassett retired from General Practice and we were delighted to secure the services of Dr Paul Kurian who has relocated with his family from the UK and been warmly welcomed by Dr Hassett's patients. Well-known GP Dr Rod Hanton has joined UFS Medical on a part-time basis and is now practicing from our Bridge Mall Medical Centre.

I wish to thank the Directors, staff, doctors and health care professionals of UFS Dispensaries for their hard work and dedicated focus on delivering health care services to our members. Your shared commitment to the long-held values of our company is what makes UFS a wonderful organisation to be part of.

Lynne McLennan
Chief Executive Officer



The Year in Review 2014/2015



Giving back to the community!

UFS continued to support community groups and organisations over a large geographical area - from Melton to Skipton, and everywhere in between! UFS contributed over \$32,000 in sponsorship and donations to the community. Some of the major beneficiaries were the Ballarat Regional Integrated Cancer Centre Wellness Centre, Royal South Street Society and the Ballarat Vocal Arts Association.

P&Q Awards

Peace & Quiet continued its dominance at the Australasian Spa Association Awards of Excellence being awarded with the 'Best Rural Day Spa' and 'Best Spa Experience' awards on Tuesday 28 October.

The awards cap off an extremely successful run for the health and wellbeing centre, which now has over 10 Australasian Spa awards in the trophy cabinet.



Ballan Stars In Movie

The Ballan UFS Pharmacy, as well as the streets of Ballan, was transformed into Midwest America for a day when the US mini-series *Childhood's End* rolled into town to shoot several scenes in the upcoming series. The UFS Pharmacy turned into the Hapstead Drugstore overnight with one scene being filmed in the entrance of the pharmacy.

Remodelling Sturt & Sebastopol Stores

The Sturt Street and Sebastopol UFS Pharmacies have undertaken redevelopment works to allow for more streamlined processes within the dispensary. The changes have also allowed the pharmacists in these stores to spend more time with customers to discuss private health concerns and Professional Services.



The Year in Review 2014/2015

Port Douglas Holiday Giveaway!

Congratulations to Ms Kate Bucknall who was the lucky winner of the Port Douglas holiday promotion! Kate and her partner were able to escape the winter chill and have a relaxing break to northern Queensland after entering the MemberCare News promotion. Well done, Kate!



Social Media

It's been a big year on social media with the UFS Facebook page gathering over 6,500 followers and the Cherub Cards & Gifts Instagram page being launched. Our Facebook page continues to provide people with relevant health and wellbeing information, as well as the occasional prize giveaway! It has also given us the ability to communicate directly with our customers who have enquiries that can be addressed without having to call a store.



New Professional Services

UFS Pharmacies rolled out a bevy of specialised professional services this year, including a Cholesterol Testing service within the Sturt Street Pharmacy and Blood Pressure Plus service across all pharmacies.

Victoria Armstrong Podiatry Steps Into UFS Medical!

Victoria Armstrong Podiatry began practicing from the Doveton Street UFS Medical Centre on Monday 1 September 2014. This move increased UFS' podiatrists to 4, alongside counselling, diabetes education, dietetics, physiotherapy, psychology and speech pathology services.



Charitable Donations

Donations - \$6,213

Sponsorship - \$25,909

Total \$32,122

Major Sponsorships

BRICC Wellness Centre

Mother's Day Classic

Royal South Street Society

The Mountain of Fun Run

Victoria Academy of Sports

Sponsorships

Ballan Bowls Club

Ballan Jockey Club

Ballarat Athletic Club

Ballarat District Bowls Division Country Carnival

Ballarat Football & Netball Club

Ballarat Regional Multicultural Ball

Ballarat Table Tennis Association

Ballarat Turf Club

Ballarat Vocal Arts Association Inc.

Beaufort Bowls Club

Beaufort Early Childhood Centre

Beaufort Primary School

Chip For Charity

Hepburn Springs Golf Club

Mitrofanoff Support Australia

Momentum Racing Team

Mountain of Fun Run

Mount Clear Scout Group

Nazareth House

Organs of the Goldfields Festival

Relay For Life

St Brendan's Primary School

St Patrick's Christian College

Sebastopol Cycling Club

Skipton Bowls Club

The Ballarat Indian Association

United Way Administration Professionals Breakfast

Vanuatu Appeal

Wendouree Probus Club Inc.

Donations

1st Alfredton Scout Group

99.9 Voice FM Community Radio

Alfredton Pre-School

Anglers Club

A Party For Ava

Australia's Biggest Morning Tea (Numerous)

Avenue Bowling Club

Bacchus Marsh Cricket Club

Bacchus Marsh Pre-School

Bacchus Marsh Soccer Club

Ballan District Health & Care

Ballan Playgroup

Ballan Primary School

Ballarat Badminton Association

Ballarat Blaze Hockey

Ballarat & Clarendon College

Ballarat & District Multiple Birth Association

Ballarat & District Quarter Horse Association

Ballarat District Trotting Club

Ballarat East Bowling Club

Ballarat Masters Football Club

Ballarat Memorial Sports

Ballarat Soup Bus

Ballarat Swimming Club

Ballarat Traveller's Social Club

Beaufort Agricultural Society

Beaufort Secondary College

Belinda Scott Appeal

Blackwood Progress Association

Buninyong Senior Citizens

Buninyong Ute Show

Cancer Council Girls Night In

Central Highlands Community Legal Centre

Charitable Donations

City Oval Bowling Club	Nazareth House	Vision Australia Skipton
Clunes Bowling Club	Our Lady Help of Christians	Wallace & District Kindergarten
Djerriwarrh Health Services	Oxfam Australia	Warrenheip Primary School
Dunnstown Football & Netball Club	Party in the Paddock for Pato	Waubra & District Community Support Group
East Point Football Club	Phoenix Basketball Club	Wendouree Lions Club
Enid Rogers Jubilee Kindergarten	Providence Aged Care Facility	Wendouree Uniting Church
Eureka Diabetes Support	Quades Quiz	Woody Yaloak Primary School
Every Little Step	Queen Elizabeth Centre Ladies Auxiliary	World Challenge
Exford Primary School	Redan Football & Netball Club	World's Greatest Shave
Federation University of Australia	Relay For Life	World Vision
Fowle Fundraiser	Rotary Club South Ballarat	York Street Church of Christ
Friends of Melton Botanical Gardens	Royal Children's Hospital	Zagames Cyclone Pam Appeal
Haddon Primary School	RSL Buninyong Sub-Branch	
Health West	RSL Rokewood Sub-Branch	
HeartKids	St Alipius Primary School	
Invermay Primary School	St Aloysius Primary School	
Jeans for Genes Day	St Bernard's Parish	
Karlee's Army	St Matthew's Anglican Church	
Leukaemia Foundation	St Michael's Primary School	
Lexton Football & Netball Club	St Patrick's Primary School	
Lismore Primary School	St Thomas Moore Catholic Primary School	
Lumen Christi Primary School	St Vincent de Paul	
Magpie Primary School	Scouts Australia	
Mandy Moo Woods	Sebastopol Primary School	
McCallum Disability Services	Sebastopol West Kindergarten	
McGrath Foundation	Siermans Family	
McHappy Day	Sisters of Mercy Associates	
Melton South Primary School	Skipton Hospital	
Miners Rest Lions Club	Skipton Kindergarten	
Miners Rest Playgroup	Skipton Primary School	
Modellers of Ballarat Club	Special Olympics Ballarat	
Mount Clear Primary School	Support For Cancer	
Mount Clear Secondary College	Sydney Coast Trek	
Mount Helen Pre-School	The Academy of Classical Ballet	
Myrniong Primary School	Trewalla Primary School	
Napoleons Primary School	UNICEF Australia	
National Servicemen's Association	Village of Nymalel	
Navigators Historical Society	Vintage & Classic Car Club	

Your directors present their report on the company for the financial year ended 30 June 2015.

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
Mr Ian G Schrader
Mr Andrew A Howard
Mr Graeme H Dixon
Ms Virginia Fenelon
Ms Gina Lyons (appointed 20.5.15)
Mrs Anne J Smail (retired 16.12.14)

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 objective 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:

Mrs Danielle Walker CPA. Mrs Walker has worked for UFS Dispensaries Ltd since November 2014, in the role of Chief Financial Officer, and was appointed Company Secretary on 28th November 2014.

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 \$223,881 (\$113,977 profit for the 2014 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.

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.

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, 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

UFS Dispensaries Ltd is the Plaintiff in County Court proceedings due to be heard in late 2015 brought against the solicitors who acted for the company in its acquisition of land at 202 Doveton Street North, Ballarat, on which to build a medical centre. The claim arises from the solicitors' failure to advise the company prior to final settlement of the purchase that a Certificate obtained by the solicitors disclosed that the property was flood prone, with the consequence that the company's plan to build a two store medical centre, with the ground floor being occupied, was no longer

possible. As a consequence, what was meant to be a state of the art, ecologically sensitive building was reconfigured to enable it to be built to comply with the flood prone classification. This resulted in the company being liable for significant additional costs which the proceeding is attempting to recover from the solicitors whose oversight caused the problem. The solicitors have admitted negligence and the dispute that continues centres on the appropriate level of compensation. Negotiations are ongoing. The company is not the subject of any further legal proceedings.

Auditor's Independence

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 17.

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. Current member of the Ballarat Regional AICD Committee and the Human Research and Ethical Committee for St John of God and Ballarat Base Hospitals. 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 30 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. Since 2010 he has been a clinical panel member consulting to the Transport Accident Commission.

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 over 20 years' corporate accounting experience. Mrs Clark is currently the General 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.

Mr Ian G Schrader

Qualifications

Experience

MAICD

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

Experience

Grad Dip Admin, GAICD

Appointed to the Board in 2009. Mr Howard is a small business owner. Mr Howard has over 20 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), was the Chair of the 2003 Ballarat Health Awards and is a Director of Grampians Medicare Local.

Special Responsibilities Chairman of Business Development Committee.

Mr Graeme H Dixon

Qualifications

Experience

Dip Business; Bachelor Business; CPA, FCIS and FGIA

Appointed to the Board in 2011. Mr Dixon has over 30 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 companies and is a director in a number of Asian companies. He is a member of the Finance, Audit and Risk Management Committee of the Committee for Ballarat and is also a Board member of the Fiona Eley Cancer Research Institute.

Special Responsibilities

Member Audit and Remuneration Committees.

Ms Virginia Fenelon

Qualifications

Experience

HDTS; M.Ed MAICD

Appointed to the Board in 2014. Ms Fenelon is currently working as an Education and Training Consultant. Prior to 2008, Ms Fenelon had 10 years in various senior education roles at the University of Ballarat, 10 years at SMB, TAFE as an education manager and teacher and 10 years as a secondary school teacher. Ms Fenelon 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.

Special Responsibilities

Member Business Development Committee.

Ms Gina Lyons

Qualifications

Experience

(appointed 20.5.15)

GAICD, MBA

Appointed to the Board in 2015. Ms Lyons has over 20 years' experience as a Senior Executive including roles as the CEO of the Northern Grampians Shire Council and COO for Rural Northwest Health. Since 2012 Ms Lyons has operated her own consulting business assisting clients with organisation development and business improvement challenges. Ms Lyons currently holds Directorships with Hepburn Health Service and Hepburn Tourism Inc.

Special Responsibilities

Member Audit and Remuneration Committees.

Mrs Anne J Smail

Qualifications

Experience

(retired 16.12.2014)

PhC Mat. Med

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.

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)	5 (5)
PD Martin	7 (7)	4 (5)
PL Clark	7 (7)	5 (5)
AJ Smail	3 (4)	2 (3)
IG Schrader	7 (7)	5 (5)
AA Howard	6 (7)	5 (5)
GH Dixon	4 (7)	2 (5)
V Fenelon	7 (7)	3 (5)
G Lyons	1 (1)	1 (1)

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 16th day of September 2015

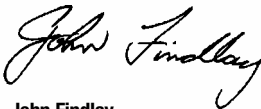
Auditor's Independence Declaration Under Section 307C Of The *Corporations Act 2001* To The Directors Of UFS Dispensaries Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of:

- The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Crowe Horwath West Vic

CH



John Findlay
Partner

Ballarat, Victoria

Dated this 16th day of September 2015

Consolidated income statement for the year ended 30 June 2015

UFS Dispensaries Ltd ABN 49 087 822 259

	NOTE	2015 \$	2014 RESTATED \$
INCOME			
Revenue	2	61,060,729	62,320,450
Other Income	2	276,081	311,364
Changes in Inventories		(398,758)	(425,453)
Purchases		(31,446,176)	(32,440,420)
Employee Benefits Expense		(18,744,046)	(18,389,149)
Depreciation		(1,337,395)	(1,068,006)
Finance Costs		(612,800)	(670,352)
Other Expenses		(8,610,800)	(8,252,540)
Change in value of interest rate swap		87,751	72,188
Impairment of Non Current Assets		(50,705)	(1,344,106)
PROFIT BEFORE INCOME TAX	3	223,881	113,977
INCTAX Income Tax (Expense) / Benefit		0	0
PROFIT FOR THE YEAR		223,881	113,977
 PROFIT ATTRIBUTABLE TO MEMBERS		 223,881	 113,977

Consolidated Statement Of Comprehensive Income for the year ended **30 June 2015**

UFS Dispensaries Ltd ABN 49 087 822 259

	2015	2014 RESTATED
	\$	\$
PROFIT FOR THE YEAR	223,881	113,977
Other Comprehensive Income:		
Net Gain/(Loss) on Revaluation of Land and Buildings	(199,453)	1,259,379
Net Gain/(Loss) on Revaluation of Financial Assets	2,110	(2,901)
Other Comprehensive Income for the Year, Net of Tax	(197,343)	1,256,478
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	26,538	1,370,455
Total Comprehensive Income Attributable to:		
Members	26,538	1,370,455

Statement of financial position as at 30 June 2015

UFS Dispensaries Ltd ABN 49 087 822 259

	NOTE	2015 \$	2014 RESTATED \$
CURRENT ASSETS			
Cash and Cash Equivalents	6	2,584,882	1,567,246
Trade and Other Receivables	7	1,924,879	3,618,837
Inventories	8	3,852,438	4,251,196
Other Assets	9	251,065	202,648
TOTAL CURRENT ASSETS		<u>8,613,264</u>	<u>9,639,927</u>
NON-CURRENT ASSETS			
Investments	10	60,015	57,001
Property, Plant and Equipment	11	22,237,901	23,013,789
Intangible Assets	12	5,210,850	5,147,100
TOTAL NON-CURRENT ASSETS		<u>27,508,766</u>	<u>28,217,890</u>
TOTAL ASSETS		<u>36,122,030</u>	<u>37,857,817</u>
CURRENT LIABILITIES			
Trade and Other Payables	13	4,983,555	5,969,016
Borrowings	14	8,387,350	9,397,350
Financial Liabilities	15	277,857	365,608
Current Tax Liabilities	16	(938)	(938)
Provisions	17	2,376,458	2,186,009
Other Liabilities	18	214,151	218,910
TOTAL CURRENT LIABILITIES		<u>16,238,433</u>	<u>18,135,955</u>
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities	16	292,257	91,900
Provisions	17	728,871	796,204
Other Liabilities	18	37,096	34,923
TOTAL NON-CURRENT LIABILITIES		<u>1,058,224</u>	<u>923,027</u>
TOTAL LIABILITIES		<u>17,296,657</u>	<u>19,058,982</u>
NET ASSETS		<u>18,825,373</u>	<u>18,798,835</u>
EQUITY			
Reserves	19	4,416,477	4,613,820
Retained Earnings		14,408,896	14,185,015
TOTAL EQUITY		<u>18,825,373</u>	<u>18,798,835</u>

Statement of changes in equity for year ended **30 June 2015**

UFS Dispensaries Ltd ABN 49 087 822 259

	Restated Retained Earnings \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 July 2013	14,071,038	3,357,342	17,428,380
Total Comprehensive Income for the Year	113,977	1,256,478	1,370,455
Balance as 30 June 2014	14,185,015	4,613,820	18,798,835
Balance at 1 July 2014	14,185,015	4,613,820	18,798,835
Total Comprehensive Income for the Year	223,881	(197,343)	26,538
Balance as 30 June 2015	14,408,896	4,416,477	18,825,373

Statement of cash flows for year ended 30 June 2015

UFS Dispensaries Ltd ABN 49 087 822 259

	NOTE	2015 \$	2014 RESTATED \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		60,010,886	62,345,975
Other Receipts Received		677,772	160,500
Payments to Suppliers and Employees		(57,442,397)	(59,184,738)
Dividends Received		2,164	3,174
Interest Received		109,582	16,982
Finance Costs		(612,800)	(670,352)
Net Cash Provided by (Used in) Operating Activities	21	2,745,207	2,671,541
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment		50,332	49,000
Purchase of Property, Plant and Equipment		(653,448)	(1,699,000)
Purchase of Business and Licences		(114,455)	(120,000)
Net Cash Provided by (Used in) Investing Activities		(717,571)	(1,770,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(1,010,000)	0
Net Cash Provided by (Used in) Financing Activities		(1,010,000)	0
NET INCREASE/(DECREASE) IN CASH HELD		1,017,636	901,541
Cash at Beginning of Financial Year		1,567,246	665,705
Cash at End of Financial Year	6	2,584,882	1,567,246

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Basis of Preparation

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

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

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements requiring disclosure.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 income they make from themselves.

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

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

(c) Inventories

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

(d) Property, Plant and Equipment

Bases of Measurement of Carrying Amount

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

Revaluation of Land and Buildings

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

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Depreciation

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the company, commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis 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	2.0%
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 assets' carrying amount is written down immediately to its recoverable amount if the assets' 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 principle market; or in the absence of a principal market, in the most advantageous market.

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

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

(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.

Revenue from the rendering of a service is recognised when it is received or the right to receive payment is established. 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).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

These estimates included using a combination of budgeted expenses and Community Pharmacy benchmarks. This constitutes a change from prior years where calculations were based purely on budgeted expenses. This change provides a more accurate assessment of the cash generating unit's fair value less costs to sell.

Impairment of \$50,705 has been recognised in respect of goodwill at the end of the reporting period (\$1,344,106 for the 2014 year). Using fair value less cost of disposal calculations all pharmacies carrying a goodwill component were tested for impairment using growth rates between 2% and 6% and a discount rate of between 14.62% and 16.03%, dependent upon pharmacy location.

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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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	2015	2014
		\$	\$
Sale of Goods		54,102,476	56,182,741
Services Revenue		4,513,208	4,299,955
Dividends Received & Franking Credits	2a	2,164	3,174
Interest Received	2b	109,582	16,982
Other Revenue		2,333,299	1,817,597
Total Revenue		61,060,729	62,320,450
Other Income		318,917	341,748
Net Gain/(Loss) on Disposal of Property, Plant & Equipment		(42,836)	(30,384)
Total Other Income		276,081	311,364
a. Dividend Revenue From:			
Other Corporations		2,164	3,174
b. Interest Revenue From:			
Other Entities		109,582	16,982
TOTAL REVENUE		61,336,810	62,631,813

NOTE 3: PROFIT BEFORE INCOME TAX

	2015	2014
	\$	\$
Expenses		
Cost of Sales	31,844,934	32,865,873
Finance Costs	612,800	670,352
Impairment of Non Current Assets	50,705	1,344,106
Depreciation	1,337,395	1,068,006
Rent Expenses	653,422	625,744
Legal Costs	84,615	32,962
Remuneration of Auditor: Audit Services	59,000	58,000
Remuneration of Auditor: Accounting Services	18,460	2,000
Wages	14,419,853	14,301,418
Superannuation Expense	1,490,613	1,396,690
Key Management Personnel Wages	1,457,533	1,472,417

NOTE 4: INCOME TAX EXPENSE

	Note	2015 \$	2014 RESTATED \$
a. The components of tax expense comprise:			
Current Tax		0	0
Under/(Over) Provision in Respect of Prior Years		0	0
		<u>0</u>	<u>0</u>
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%)		67,164	34,193
Add:			
Tax effect of:			
Depreciation of buildings		1,278	1,070
Franking credits received		927	408
Other non-allowable items		71,096	471,638
Absorption costing adjustments		151,776	75,963
Less:			
Tax effect of:			
Rateable fully franked dividends		(927)	(408)
Non assessable income		<u>291,314</u>	<u>582,864</u>
Income Tax Expense		<u>0</u>	<u>0</u>
c. Tax effect relating to other comprehensive income:			
Deferred Tax		<u>(200,357)</u>	<u>(111,285)</u>

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

	2015 \$	2014 RESTATED \$
Unrecognised deferred tax assets		
Deductible temporary differences	819,177	788,813
Tax losses	5,222,622	4,490,527

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

NOTE 5: REMUNERATION AND RETIREMENT BENEFITS

	Short-term Benefits	Post-employment Benefits
2015		
Directors	107,361	10,199
2014		
Directors	107,466	10,209

NOTE 6: CASH AND CASH EQUIVALENTS

	2015 \$	2014 \$
Cash at Bank and on Hand	2,584,882	1,567,246
TOTAL CASH AND CASH EQUIVALENTS	<u>2,584,882</u>	<u>1,567,246</u>

NOTE 7: TRADE AND OTHER RECEIVABLES	2015	2014
	\$	\$
Trade Debtors	1,288,682	1,396,838
Accrued Income	89,500	27,249
Other Debtors and Receivables	546,697	2,194,750
TOTAL RECEIVABLES	1,924,879	3,618,837

NOTE 8: INVENTORIES	2015	2014
	\$	\$
Finished Goods	3,852,438	4,251,196

NOTE 9: OTHER ASSETS		
Prepayments	251,065	202,648

NOTE 10: INVESTMENTS		
Market Value of Shares in Listed Corporations	60,015	57,001

NOTE 11: PROPERTY, PLANT AND EQUIPMENT	2015	2014
	\$	\$
Land And Buildings		
Land		
Freehold Land at Valuation	7,723,000	7,723,000
Buildings		
Buildings at Valuation	10,816,349	10,549,038
Less Accumulated Depreciation	(213,807)	0
Total Land and Buildings	18,325,542	18,272,038

Plant and Equipment		
Plant and Equipment at Cost	10,056,985	10,981,035
Less Accumulated Depreciation	(6,144,626)	(6,239,284)
Total Plant and Equipment	3,912,359	4,741,751
TOTAL PROPERTY, PLANT AND EQUIPMENT	22,237,901	23,013,789

Land 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.

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 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	<u>7,723,000</u>	<u>10,549,038</u>	<u>4,741,751</u>	<u>23,013,789</u>
Additions	0	267,311	386,137	653,448
Disposals	0	0	(93,654)	(93,654)
Net transfers between classes	0	0	1,713	1,713
Revaluation Increments/(Decrements)	0	0	0	0
Depreciation Expense	0	(213,807)	(1,123,589)	(1,337,395)
Balance at 30 June 2015	<u>7,723,000</u>	<u>10,602,544</u>	<u>3,912,359</u>	<u>22,237,901</u>

NOTE 12: INTANGIBLE ASSETS

	2015	2014
	\$	\$
Goodwill at Cost	11,301,370	11,181,370
Accumulated Impairment Losses	(6,090,520)	(6,034,270)
Net Carrying Value	<u>5,210,850</u>	<u>5,147,100</u>
Reconciliation of Goodwill		
Balance at the Beginning of the Year	5,147,100	6,371,206
Additions	114,455	120,000
Impairment Losses	(50,705)	(1,344,106)
Closing Carrying Value	<u>5,210,850</u>	<u>5,147,100</u>

NOTE 13: TRADE AND OTHER PAYABLES

	2015	2014
	\$	\$
Trade Creditors	3,721,136	4,497,345
Sundry Creditors and Accrued Expenses	1,262,419	1,471,671
TOTAL PAYABLES	<u>4,983,555</u>	<u>5,969,016</u>

NOTE 14: BORROWINGS

	2015	2014
	\$	\$
Current		
Bank Bills Secured	5,887,350	6,897,350
Market Rate Loan	2,500,000	2,500,000
	<u>8,387,350</u>	<u>9,397,350</u>
Non-Current		
Bank Bills Secured	0	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. The current facilities were re-negotiated in the 2015 financial year to have a maturity in 2020.

NOTE 14: BORROWINGS (Continued)

	2015	2014
	\$	\$
a. Total current and non-current secured liabilities:		
Bank Bills Secured	5,887,350	6,897,350
Market Rate Loan	2,500,000	2,500,000
	8,387,350	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	17,917,628	17,676,502
Equitable Mortgage		
Listed Shares at Market Value	60,015	57,001
Freehold Land and Buildings	621,721	595,536
Plant and Equipment	3,912,359	4,741,751
Goodwill	5,210,850	5,147,100
Total Assets Pledged as Security	27,722,573	28,217,890

c. The bank bill facility is an ongoing arrangement with the company's bankers and is subject to annual reviews.

NOTE 15: FINANCIAL LIABILITIES

	2015	2014
	\$	\$
Interest Rate Swap	277,857	365,608

A prior period error has been identified to the extent that the valuation of the interest rate swap entered into on 1 November 2011 was not disclosed in that and subsequent financial years. The identification of this error has led to a restatement of retained earnings in affected periods, 2012 financial year (reduction of \$520,311), 2013 financial year (increase of \$82,515) and 2014 financial year (increase of \$72,188), compared to the previously reported results. A mark-to-market valuation of the swap was undertaken at 30 June 2015 and the transaction is recorded in the current and comparative years in line with Accounting Standard requirements.

NOTE 16: TAX

	2015	2014
	\$	\$
Current Tax		
Income Tax	(938)	(938)
Non-Current Tax		
Deferred Capital Gains Tax on Freehold Land and Buildings	276,352	76,899
Deferred Capital Gains Tax on Listed Shares	15,905	15,001
Total Non-Current Tax	292,257	91,900
Reconciliations		
Deferred Tax Liability		
The movement in deferred tax liability for each temporary difference during the year is as follows:		
Opening Balance	91,900	(19,385)
Tax Allowances Relating to Listed Shares	904	(1,243)
Tax Allowances Relating to Property	199,453	112,529
Closing Balance	292,257	91,900

NOTE 17: PROVISIONS

	2015	2014
	\$	\$
Opening Balance	2,982,213	2,671,793
Additional Provisions Raised During the Year	1,857,599	1,810,781
Amounts Used	(1,734,482)	(1,500,361)
Closing Balance	3,105,329	2,982,213

Analysis of Total Provisions

Current	2,376,458	2,186,009
Non-Current	728,871	796,204
TOTAL PROVISIONS	3,105,329	2,982,213

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.

NOTE 18: OTHER LIABILITIES

	2015	2014
	\$	\$
Current		
Membership Fees in Advance	214,151	218,910
Non-Current		
Membership Fees in Advance	37,096	34,923
TOTAL OTHER LIABILITIES	251,247	253,833

NOTE 19: RESERVES

	2015	2014
	\$	\$
(a) Asset Revaluation Reserve		
Opening Balance	4,578,817	3,319,438
Revaluation Increment/(Decrement)	0	1,368,340
Other Adjustment	0	3,569
Deferred Tax Liability Adjustment	(199,453)	(112,529)
Closing Balance	4,379,364	4,578,818
(b) Share Revaluation Reserve		
Opening Balance	35,003	37,904
Revaluation Increment/(Decrement)	2,110	(2,901)
Closing Balance	37,113	35,003
TOTAL RESERVES	4,416,477	4,613,821

NOTE 20: CAPITAL AND LEASING COMMITMENTS

	2015	2014
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Operating Leases		
<i>Non-Cancellable</i>		
Not Later than One Year	470,225	497,605
Later than One Year and Not Later than 5 Years	1,076,819	686,906
Later than 5 Years	38,252	0
Total	1,585,296	1,184,511
Property leases are non-cancellable leases, with rent payable monthly in advance. Lease agreements specify that minimum lease payments shall be increased by CPI annually. Options exist to renew most leases at the end of their term for additional terms ranging from 3 to 6 years.		
(b) Capital Expenditure Commitments		
Capital expenditure commitments contracted for:		
Construction Project - Bridge Mall Pharmacy	306,685	0
Construction Project - Melton South Pharmacy	230,260	0
Construction Project - Wendouree Pharmacy	0	28,645
Construction Project - Ballan Pharmacy	0	15,000
Construction Project - UFS Website	0	64,010
Total Capital Commitments	536,945	107,655
Not Later than One Year	536,945	107,655
Total	536,945	107,655

NOTE 21: CASH FLOW INFORMATION

	2015	2014
	\$	\$
(a) Reconciliation of Cash Flow from Operations with Profit After Income Tax		
Profit After Income Tax	223,881	41,789
Non-cash flows in profit		
Depreciation	1,337,395	1,068,006
Goodwill impairment	50,705	1,344,106
Net (gain)/loss on disposal of property, plant & equipment	42,836	30,384
Other asset write downs	(1,227)	(1,333)
Financial Liabilities	(87,751)	(72,188)
Changes in assets and liabilities:		
(Increase)/decrease in Receivables	1,693,958	(1,051,023)
(Increase)/decrease in Inventories	398,758	425,453
(Increase)/decrease in Other Assets	(48,417)	18,631
Increase/(decrease) in Payables	(985,461)	494,179
Increase/(decrease) in Provisions	123,116	310,420
Increase/(decrease) in Other Liabilities	(2,586)	(9,072)
Net Cash Flows From Operating Activities	2,745,207	2,671,541

(b) Credit Standby Arrangement and Loan Facilities

The company has a market rate loan facility of \$2,500,000 and undrawn bills of \$1,010,000 available through its bankers. At 30 June 2015 the company had drawn \$Nil of this facility (\$2,700 for the 2014 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 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 endeavours, where possible, to fix interest rates in order to reduce its exposure to market fluctuations and provide cashflow certainty.

The company currently uses the following mechanisms to achieve this:

- an interest rate swap
- a fixed rate Market Loan facility

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

(b) Financial Instrument Composition and Maturity Analysis

The 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			
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets										
Cash and cash equivalents	2.00	2.00	2,584,882	1,567,246	0	0	0	0	2,584,882	1,567,246
Deposits at Call	3.50	3.50	0	0	0	0	0	0	0	0
Investments	0	0	60,015	57,001	0	0	0	0	60,015	57,001
Receivables	0	0	1,924,879	3,618,837	0	0	0	0	1,924,879	3,618,837
Total Financial Assets			4,569,776	5,243,084	0	0	0	0	4,569,776	5,243,084
Financial Liabilities										
Bank Bills Secured	7.12	5.01	0	0	5,887,350	6,897,350	0	0	5,887,350	6,897,350
Market Rate Loan	0	0	2,500,000	2,500,000	0	0	0	0	2,500,000	2,500,000
Payables	0	0	4,983,555	5,969,016	0	0	0	0	4,983,555	5,969,016
Total Financial Liabilities			7,483,555	8,469,016	5,887,350	6,897,350	0	0	13,370,905	15,366,366

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:

	2015		2014	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial Assets				
Shares in Listed Corporations	60,015	60,015	57,001	57,001
Loans and Receivables	1,924,879	1,924,879	3,618,837	3,618,837
	1,984,894	1,984,894	3,675,838	3,675,838
Financial Liabilities				
Bank Bills Secured	5,887,350	5,887,350	9,397,350	9,397,350
Market Rate Loan	2,500,000	2,500,000	0	0
Trade and Other Payables	4,983,555	4,983,555	5,969,016	5,969,016
	13,370,905	13,370,905	15,366,366	15,366,366

NOTE 23: EVENTS AFTER THE BALANCE SHEET DATE

In July 2015, the company announced that its pharmacy located at 515 Main Road, Golden Point will be closing on 28 September 2015. The company also announced that it is seeking to sell its pharmacy located at 939 Sayers Road, Tarnet.

Other than the matters mentioned above, 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.

NOTE 24: 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.

NOTE 24: 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

2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Land and buildings	0	18,325,542	0	18,325,542
Listed shares	60,015	0	0	60,015
Total Assets	60,015	18,325,542	0	18,385,557

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 25: 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 26: 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.

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

	2015	2014
	\$	\$
Outstanding Balance at 30 June	(7,227)	197,073

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

These entities, however, maintain their own independent Board of Directors who control the strategy and overall decision making of the entities.

NOTE 27: MEMBER FUNDS

UFS Dispensaries Ltd is incorporated under the Corporations Act 2001 and is a company limited by guarantee. Members at 30 June 2015 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 \$22,721.50 based on 45,443 current members.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 17 to 41, 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 2015 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 16th day of September 2015



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

Report on the financial report

We have audited the accompanying financial report of UFS Dispensaries Limited, which comprises the statement of financial position as at 30 June 2015, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 is 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 whether the financial report is free from 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 company'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 Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Crowe Horwath West Vic is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omission of financial services licensees.



Auditor's opinion

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

- i. giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards – *Reduced Disclosure Requirements* (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

CH

CROWE HORWATH WEST VIC

A handwritten signature in black ink that reads "John Findlay".

**JOHN FINDLAY
PARTNER**

**Ballarat Victoria
Dated this 16th day of September 2015**



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

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

Coburg Village

Shop 8, 174-196
Gaffney St
9354 9032

Medical Centres

UFS Medical

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

Other Businesses

Peace & Quiet

719 Sturt St, Ballarat
(03) 5332 1694

Cherub Cards & Gifts

727 Sturt St, Ballarat
(03) 5333 361