

AVOCA DISTRICT CO-OPERATIVE LIMITED

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

Directors' Report

Income Statement

Balance Sheet

Statement of Changes in Equity

Cash Flow Statement

Notes to and forming part of the Accounts

Directors' Declaration

Statement of Auditors Independence

Independent Audit Report to the Members

1
AVOCA DISTRICT CO-OPERATIVE LTD

DIRECTORS' REPORT
30 JUNE 2008

The directors present their report on the Co-operative for the financial year ended 30 June 2008.

DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Bruce A. FIELD	D. Lloyd GOLLOP	Rohan MACAULEY
Kim HART	Anthony F. O'SHEA	Hayden C. PILGRIM
Mary BROWN	Vincent J. SCULLY	Barry D. SLATER

COMPANY SECRETARY

Mr Anthony O'Shea has been the Co-operative secretary throughout the year and continues in that position. Mr O'Shea is a current director of the Co-operative as well as the chairman of the Co-operative Federation of Victoria Limited. Tony has over thirty years of active involvement within the Co-operative movement.

OPERATING RESULTS FOR THE YEAR

The profit of the economic entity for the financial year after providing for income tax amounted to \$20,781 (2007 \$700 loss).

REVIEW OF OPERATIONS

Trading results continue to improve this financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Co-operative has continued to see an improvement in its trading performance and it is expected that that trend will continue. The Avoca business remains profitable, but the Maryborough business has not grown rapidly enough to cover the additional expenses incurred in moving from being a sub-branch within a Pharmacy to becoming a full stand-alone branch with its own premises. It is anticipated that this situation will have been overcome by the end of the 2008-09 financial year.

PRINCIPAL ACTIVITIES

The principal activity of the Co-operative during the financial year was to provide suitable premises, furniture, equipment, staff and other resources to enable the operation of the Avoca and Maryborough Community Bank Branches of the Bendigo Bank Limited, by way of management contracts with Bendigo Bank Limited and franchise agreements with a subsidiary company of Bendigo Bank Limited.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative in future financial years.

FUTURE DEVELOPMENTS

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

AVOCA DISTRICT CO-OPERATIVE LTD

DIRECTORS' REPORT
30 JUNE 2008

DIVIDENDS

Dividends and Bonuses paid or declared since the start of the financial year are as follows:

- (a) No dividend was paid out of the profits for the year ended 30 June 2007.
- (b) A 7% fully franked dividend is proposed for payment out of profits for the year ended 30 June 2008.
- (c) No transaction-based bonus is recommended for payment for the year ended 30 June 2008.
- (d) No amount is recommended for payment in accordance with Section 272(2) of the Co-operatives Act 1996.

No options over issued shares or interests in the Co-operative or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

During the financial year, the Co-operative has paid a premium in respect of a contract insuring the directors against certain liabilities. The contract prohibits disclosure of the nature of the liabilities and the amount of the premium.

INFORMATION ON DIRECTORS

<i>Shareholder – Directors</i>	<i>Experience</i>	<i>Shares held in Co-op</i>
Ms Mary Brown	Company Director	1
Mr Bruce Andrew Field	Farmer	50
Mr D. Lloyd Gollop	Farmer	150
Mr Rohan Macauley	Area Manager Elders Limited	25
Mr Hayden Charles Pilgrim	Retired School Principal	Jointly 100
Mr Vincent J. Scully	Vignerons	25
Mr Barry David Slater	Business Proprietor	125
Ms Kim Hart	Self Employed	25
<i>Independent – Director</i>		
Mr Anthony Francis O'Shea	Co-operative Director Manager	10

MEETINGS OF DIRECTORS

The following table sets out the numbers of meetings the Co-operative's directors held during the year ended 30 June 2008, and the numbers of meetings attended by each director.

Number of meetings held:	13	Whilst a director	Attended
Number of meetings attended by:			
Ms Mary Brown		12	9
Mr Bruce Andrew Field		13	6
Mr D. Lloyd Gollop		13	11
Mr Rohan Macauley		13	6
Mr Hayden Charles Pilgrim		13	13
Mr Vincent J. Scully		13	13
Ms Kim Hart		6	2
Mr Barry David Slater		13	13
Mr Anthony O'Shea		13	13

AVOCA DISTRICT CO-OPERATIVE LTD

**DIRECTORS' REPORT
30 JUNE 2008**

AUDITOR'S INDEPENDENCE DECLARATION

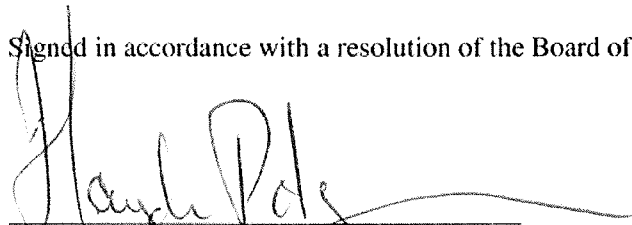
A copy of the auditor's declaration made under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

PROCEEDINGS ON BEHALF OF CO-OPERATIVE

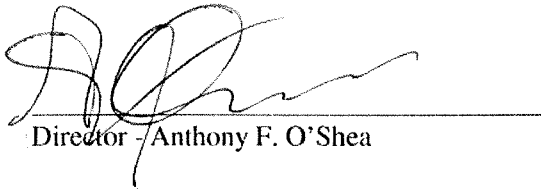
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the co-operative, or to intervene in any proceedings to which the co-operative is a party, for the purpose of taking responsibility on behalf of the Co-operative for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Co-operative with leave of the Court under section 237 of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors:



Director - Hayden C. Pilgrim



Director - Anthony F. O'Shea

Dated at Avoca this 23rd day of October 2008.

AVOCA DISTRICT CO-OPERATIVE LTD

INCOME STATEMENT
YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
INCOME			
Income from Operating Activities	2	<u>728,009</u>	<u>599,015</u>
EXPENSES			
Administration		102,634	107,060
Finance Costs		17,504	4,935
Information Technology Costs		41,372	46,930
Service Delivery Costs		28,770	18,012
Depreciation & Amortisation		49,442	30,810
Loss on Disposal of Fixed Assets		-	3,019
Occupancy Costs		51,481	42,863
Motor Vehicle Operating Costs		7,508	4,050
Employment & Staffing Costs		<u>390,844</u>	<u>340,215</u>
Total Expenses		<u>689,555</u>	<u>597,894</u>
Profit from Ordinary Activities Before Income Tax Expense		38,454	1,121
Income Tax Expense Relating to Ordinary Activities	4	<u>17,673</u>	<u>1,821</u>
Net (Loss)/Profit from Operating Activities After Related Income Tax Expense		<u>20,781</u>	<u>(700)</u>

The accompanying notes form part of the accounts.

AVOCA DISTRICT CO-OPERATIVE LTD

BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash Assets	8 (a)	141,765	149,967
Investments	9 (a)	53,526	-
Receivables	10	72,424	57,948
Other	11	7,447	273
Total Current Assets		<u>275,162</u>	<u>208,188</u>
NON-CURRENT ASSETS			
Investments	9 (b)	10	10
Property, Plant & Equipment	12	193,348	220,293
Intangible Assets	13	60,947	76,183
Deferred Tax Assets	14	10,041	16,587
Total Non-Current Assets		<u>264,346</u>	<u>313,073</u>
TOTAL ASSETS		<u>539,508</u>	<u>521,261</u>
CURRENT LIABILITIES			
Payables	15	53,146	40,982
Provisions	16	27,694	34,382
Total Current Liabilities		<u>80,840</u>	<u>75,364</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	17	224,721	232,712
Total Non-Current Liabilities		<u>224,721</u>	<u>232,712</u>
Total Liabilities		<u>305,561</u>	<u>308,076</u>
NET ASSETS		<u>233,947</u>	<u>213,185</u>
EQUITY			
Issued Capital	18	239,620	239,640
Accumulated Losses		(5,673)	(26,455)
Total Equity		<u>233,947</u>	<u>213,185</u>

The accompanying notes form part of the accounts.

AVOCA DISTRICT CO-OPERATIVE LTD

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2008

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2006	242,520	(3,927)	238,593
Capital contributed	20	-	20
Net profit attributable to members	-	(700)	(700)
Dividends recognised as a liability or paid	-	(21,827)	(21,827)
Shares bought back during the year	<u>(2,900)</u>	<u>-</u>	<u>(2,900)</u>
Balance at 30 June 2007	<u>239,640</u>	<u>(26,454)</u>	<u>213,186</u>
Balance at 1 July 2007	239,640	(26,454)	213,186
Capital contributed	-	-	-
Net profit attributable to members	-	20,781	20,781
Dividends recognised as a liability or paid	-	-	-
Shares bought back during the year	<u>(20)</u>	<u>-</u>	<u>(20)</u>
Balance at 30 June 2008	<u>239,620</u>	<u>(5,673)</u>	<u>233,947</u>

The accompanying notes form part of the accounts.

AVOCA DISTRICT CO-OPERATIVE LTD

CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 2008

	Note	2008 \$ Inflows (Outflows)	2007 \$ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Commission Income		659,773	532,563
Market Development Income		51,433	49,583
Interest Received		2,326	5,219
Payments to Suppliers & Employees		(649,681)	(549,267)
Income Tax Paid		<u>(3,292)</u>	<u>(24,455)</u>
Net Cash Provided from Operating Activities	8(b)	<u>60,559</u>	<u>13,643</u>
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from Sale of Fixed Assets		-	12,325
Purchase of Fixed Assets		(7,194)	(207,683)
Purchase of Intangible Assets		<u>-</u>	<u>(80,280)</u>
Net Cash (Used in) Investing Activities		<u>(7,194)</u>	<u>(275,638)</u>
CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES			
Acquisitions of Investments		(53,526)	-
Proceeds from Borrowings		-	233,700
Repayment of Borrowings		(7,990)	(17,106)
Dividends Paid		(31)	(21,035)
Shares Issued		-	20
Shares Bought Back		<u>(20)</u>	<u>(2,900)</u>
Net Cash (Used in) / From Financing Activities		<u>(61,567)</u>	<u>192,679</u>
Net (Decrease)/Increase in Cash Held		<u>(8,202)</u>	<u>(69,316)</u>
Cash at the Beginning of the Financial Year		<u>149,967</u>	<u>219,283</u>
Cash at the End of the Financial Year	8(a)	<u>141,765</u>	<u>149,967</u>

The accompanying notes form part of the accounts.

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2008**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are a general purpose financial report that has been prepared in accordance with Accounting Standards and other mandatory professional reporting requirements and the requirements of the Co-Operatives Act 1996.

The following is a summary of the material accounting policies adopted by the Co-operative in the preparation and presentation of the financial report. Unless otherwise stated the accounting policies are consistent with the prior year.

Basis of Preparation*Reporting Basis and Conventions*

The financial statements have been prepared on an accrual basis and on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

a) Income Tax

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 the tax rates that have been enacted or are substantially enacted by the balance 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 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 income tax assets are recognised to the extent that it is probable that future tax profits will be available 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 tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd....

b) Property, Plant and Equipment

Property, Plant and Equipment are brought to account at cost or at independent director's valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amount. The depreciable amount of all fixed assets are depreciated on a diminishing basis over their useful lives to the Co-operative commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture and Equipment	10-25%
Computer Hardware & Software	40%

c) Accounts Payable

Accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

d) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

e) Revenue

Revenue from profit share is recognised when the income is earned. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

f) Employee Entitlements

Employee Entitlements provision is made for the Co-operative's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will settle after one year, have been measured at the present value of the estimated future cash outflows to be made for those entitlements. Contributions are made by the Co-operative to an employee superannuation fund and charged as expenses when incurred.

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd....

g) Impairment of Assets

At each reporting date the Co-operative reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, 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 income statement.

	2008	2007
	\$	\$
2. REVENUE		
Operating Activities		
Commission income	672,647	544,213
Interest received	3,471	5,219
Market development income	51,891	49,583
	<u>728,009</u>	<u>599,015</u>
3. EXPENDITURE INCURRED ON ORDINARY ACTIVITIES		
Depreciation of non-current assets		
- Plant and equipment	26,130	16,155
Total depreciation	<u>26,130</u>	<u>16,155</u>
Amortisation of non-current assets		
- Leasehold improvements	8,009	4,919
- Intangibles	15,236	9,729
Total amortisation	<u>23,245</u>	<u>14,648</u>
Bad debts	1,079	679
Rental expense on operating leases		
- Minimum lease payments	42,548	34,722

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
4. INCOME TAX		
(a) Income Tax Expense		
Operating profit before income tax	<u>38,454</u>	<u>1,121</u>
Income tax expense calculated at 30%	11,536	336
Tax effect of non-deductible depreciation and amortisation	4,546	2,994
Tax effect of other non-deductible expenses	2,993	6,420
Tax effect of non-assessable income	(343)	-
Tax effect of other deductible items	(7,605)	(3,891)
Future income tax benefits not previously brought to account	<u>6,546</u>	<u>(4,038)</u>
Income tax expense	<u>17,673</u>	<u>1,821</u>

(b) Future Income Tax Benefit

The directors estimate that the potential future income tax benefit not brought to account is:

<u>-</u>	<u>-</u>
----------	----------

This benefit for tax losses will only be obtained if:

- (i) the Co-operative derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised.
- (ii) the Co-operative continues to comply with the conditions for deductibility imposed by tax legislation, and
- (iii) no changes in tax legislation adversely affect the Co-operative in realising the benefit from the deductions for the losses.

5. REMUNERATION AND RETIREMENT BENEFITS**a) Remuneration of Directors**

No remuneration was received or receivable by the directors of the Co-operative other than \$5,300, paid to T. O'Shea director as honorarium for his efforts as the secretary of the Co-operative.

The names of the directors who have held office during the financial period:

D. L. Gollop	H. C. Pilgrim	B. D. Slater	A. F. O'Shea	B. A. Field
K. Hart	R. Macauley	V. J. Scully	M. Brown	

b) Retirement Benefits

Amounts paid to a superannuation plan for the provision of retirement benefits by:

- the Co-operative or any related party for directors of the Co-operative	Nil	Nil
- the Co-operative for directors of any related party	Nil	Nil

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
6. AUDITOR'S REMUNERATION		
Audit fees	2,450	2,300
Other services	-	-
	<u>2,450</u>	<u>2,300</u>
7. DIVIDENDS		
Proposed fully franked ordinary dividend of \$1.40 for the year ended 30 June 2008 (2007 no dividend paid)	<u>16,773</u>	<u>-</u>
8. CASH ASSETS		
(a) Reconciliation of Cash		
For the purposes of the Statement of Cash Flows the Co-operative considers cash to include cash on hand, cash at bank, bank overdraft, short term deposits at call and bank bills. Cash at balance date as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Bank – short term deposits	-	51,251
Bank	<u>141,765</u>	<u>98,716</u>
	<u>141,765</u>	<u>149,967</u>
(b) Reconciliation of Net Cash Used in Operating Activities to Operating Result		
Operating Result before Income Tax	38,454	1,121
Increase / (Decrease) in Payables	12,195	5,266
(Increase) / Decrease in Receivables	(7,930)	(16,853)
(Increase) / Decrease in Prepayments	(7,240)	3,584
Increase / (Decrease) in Employee Entitlements	(14,524)	7,115
(Increase) / Decrease in Other Current Assets	67	-
(Increase) / Decrease in Income Tax Payable	(9,838)	(20,419)
Depreciation and Amortisation	49,375	30,810
Loss on Disposal of Fixed Assets	-	3,019
	<u>60,559</u>	<u>13,643</u>
9. INVESTMENTS		
(a) Current Investments		
Term Deposits	<u>53,526</u>	<u>-</u>
(b) Non Current Investments		
Shares in other co-operatives	<u>10</u>	<u>10</u>

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
10. RECEIVABLES		
Trade debtors	71,280	57,948
Other accrued income	1,144	-
	<u>72,424</u>	<u>57,948</u>
11. OTHER CURRENT ASSETS		
Prepayments	7,241	-
Other	206	273
	<u>7,447</u>	<u>273</u>
12. PROPERTY PLANT AND EQUIPMENT		
Furniture & Equipment at cost	119,866	116,472
Accumulated depreciation	(56,879)	(38,046)
	<u>62,987</u>	<u>78,426</u>
Motor Vehicles at cost	30,286	30,286
Accumulated depreciation	(8,396)	(1,099)
	<u>21,890</u>	<u>29,187</u>
Leasehold improvements	125,345	121,545
Less accumulated amortisation	(16,874)	(8,865)
	<u>108,471</u>	<u>112,680</u>
	<u>193,348</u>	<u>220,293</u>
Movement in carrying amounts		
Balance at beginning of year	220,293	49,028
Additions	7,194	207,684
Amortisation	(34,139)	(21,074)
Disposals	-	(15,345)
Carrying amount at end of year	<u>193,348</u>	<u>220,293</u>
13. INTANGIBLE ASSETS		
Franchise, licences & intellectual property rights	90,000	90,000
Less accumulated amortisation	(29,053)	(13,817)
	<u>60,947</u>	<u>76,183</u>
Movement in carrying amounts		
Balance at beginning of year	76,183	5,912
Additions	-	80,000
Amortisation	(15,236)	(9,729)
Carrying amount at end of year	<u>60,947</u>	<u>76,183</u>

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
14. DEFERRED TAX ASSETS		
Deferred Tax Assets Comprise:		
Accruals	2,650	3,247
Provisions	7,416	13,340
Other	(25)	-
	<u>10,041</u>	<u>16,587</u>
15. PAYABLES		
Trade and other creditors	<u>53,146</u>	<u>40,982</u>
16. PROVISIONS		
Employee entitlements	24,722	39,245
Income Tax	2,972	(4,863)
	<u>27,694</u>	<u>34,382</u>
Number of employees at year end	8	9
17. INTEREST BEARING LIABILITIES		
Motor vehicle finance	24,721	32,712
Other long term liabilities	200,000	200,000
	<u>224,721</u>	<u>232,712</u>
18. CONTRIBUTED EQUITY		
11,981 (2007 11,982) fully paid ordinary shares of \$20 each	<u>239,620</u>	<u>239,640</u>
Ordinary shares at the beginning of the reporting period	239,640	242,520
Shares issued during the year	-	20
Shares bought back during the year	(20)	(2,900)
Shares forfeited during the year	-	-
At reporting date	<u>239,620</u>	<u>239,640</u>

The contributed equity is greater than the net assets of the co-operative. The Co-operative did not have sufficient capital to fully repay the contributed equity should the Co-operative have been wound up at 30 June 2008.

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
19. LEASE COMMITMENTS		
Aggregate lease expenditure contracted for at balance date but not provided for in the financial statements, representing		
Non-cancellable operating leases:		
Not later than one year	21,334	18,459
Later than 1 year but not later than 2 years	16,271	23,969
Later than 2 years but not later than 5 years	22,517	59,083
	<u>60,122</u>	<u>101,511</u>
20. SEGMENT REPORTING		
The economic entity operates as a community branch of the Bendigo Bank Ltd in the Avoca and Maryborough districts.		
21. ECONOMIC DEPENDENCY		
The normal trading activities of the Co-operative (which undertakes the branch activities of the Bendigo Bank in Avoca and Maryborough districts) rely on the franchise contracts with the Bendigo Bank Group.		
22. FINANCIAL INSTRUMENTS		
(a) Interest Rate Risk		
The Co-operative's exposure to interest rate risk, which is the risk that financial instruments will fluctuate as a result of changes in market interest rates and the effective average interest rates on those financial assets is as follows:		
Fixed Rate		
<i>Financial Assets</i>		
Cash at bank	53,526	51,251
Average interest rate	6.51%	5.41%
Floating Interest Rate		
<i>Financial Assets</i>		
Cash at bank on hand	141,765	98,716
Average interest rate	0.05%	0.06%
<i>Financial Liabilities</i>		
Motor vehicle finance	(24,721)	(32,712)
Average interest rate	7.58%	5.46%
Other long term liabilities	(200,000)	(200,000)
Average interest rate	7.69%	7.74%

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
22. FINANCIAL INSTRUMENTS Cont'd....		
Non Interest Bearing		
<i>Financial Assets</i>		
- Receivables	72,424	57,947
- Prepayments	7,241	-
<i>Financial Liabilities</i>		
- Payables	<u>(53,146)</u>	<u>(40,982)</u>
Net Financial Assets	<u>(2,911)</u>	<u>(65,780)</u>

(b) **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 of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The Co-operative does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Co-operative.

(c) **Net Fair Values**

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements.

23. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with Director Related Entities (excluding GST)

Premises were leased in Maryborough from Mr H. C. Pilgrim & Mrs M. A. Pilgrim.	<u>13,817</u>	<u>7,887</u>
Motor vehicle services and fuel were purchased from Gollop's Garage Avoca Pty Ltd. Mr D. L. Gollop is a Director of Gollop's Garage Avoca Pty Ltd.	<u>-</u>	<u>2,315</u>

AVOCA DISTRICT CO-OPERATIVE LTD

DIRECTORS DECLARATION

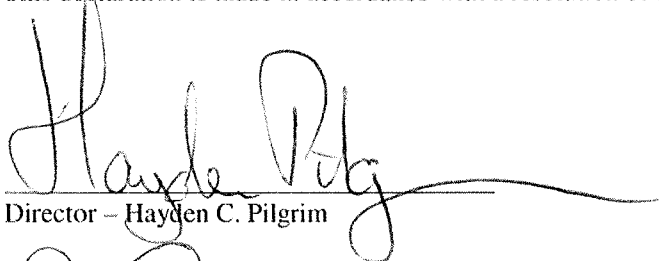
1. The financial statements and notes set out on pages 4 to 16:

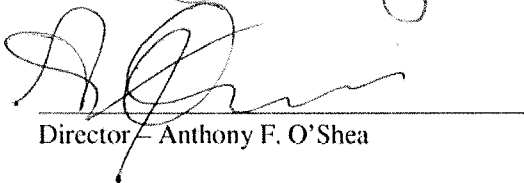
- (a) comply with accounting standards and the Co-Operatives Act 1996, and other mandatory professional reporting requirements, and
- (b) give a true and fair view of the co-operative's financial position as at 30 June 2008 and of its performance for as represented by the results of its operations and its cash flows for the financial year ended on that date.

2. In the Directors' opinion,

- (a) the financial statements and notes are in accordance with the Co-Operatives Act 1996, and
- (b) there are reasonable grounds to believe that the Co-operative 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.


Director – Hayden C. Pilgrim


Director – Anthony F. O'Shea

Dated at Avoca this 23rd day of October 2008.

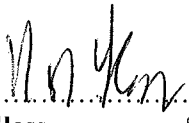
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AVOCA DISTRICT CO-OPERATIVE LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 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.

Signed this 23rd day of October 2008.

**WHK
9 Creswick Road
Ballarat Vic 3350**



.....
**Robert H Glass
Audit Principal**

AVOCA DISTRICT CO-OPERATIVE LTD
ABN: 82 022 501 598

**INDEPENDENT AUDIT REPORT FOR THE MEMBERS OF AVOCA DISTRICT
CO-OPERATIVE LTD.**

Report on the financial report

We have audited the accompanying financial report of Avoca District Co-operative Ltd (the co-operative), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement 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 co-operative are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 followed applicable independence requirements of the Australian professional and ethical pronouncements and the Corporations Act 2001. In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's declaration of independence has not changed as at the date of providing our audit opinion.

Opinion

In our opinion, the financial report of the Avoca District Co-operative Ltd is in accordance with:

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the co-operative's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) The financial report also complies with International Financial Reporting Standards.


.....
WHK


.....
Robert H. Glass
Audit Principal
Dated at Ballarat, 7th November 2008