

**AVOCA DISTRICT CO-OPERATIVE LIMITED**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

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

**AVOCA DISTRICT CO-OPERATIVE LTD****DIRECTORS' REPORT****30 JUNE 2009**

The directors present their report on the Co-operative for the financial year ended 30 June 2009.

**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	Kim HART
Rohan MACAULEY	Anthony F. O'SHEA	Hayden C. PILGRIM
Vincent J. SCULLY	Barry D. SLATER	
Douglas I. STREETER (appointed 20/11/2008)		
Graeme J. PORTER (appointed 26/02/2009)		

**COMPANY SECRETARY**

Mr Anthony O'Shea has been the Co-operative secretary throughout the year and continues in that position. He 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 five 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 \$3,762 (2008 \$20,781).

**REVIEW OF OPERATIONS**

Turnover continued to improve this financial year, however, profitability suffered due to margins being squeezed as a consequence of the Global Economic Crisis and the Australian Government's system of guarantees which has favoured the major banks.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

The Co-operative has continued to see an improvement in its turnover and it is expected that the trend will continue. Our business has grown to the point where we saw the need to purchase the shop next to our Maryborough Branch and convert it to an office plus two additional interview rooms for use by our Agribusiness Banker and Financial Planner. The Manager of the Avoca branch resigned to follow a different career path, and the Board took the opportunity to reorganise the management structure. The Maryborough Manager was appointed to a newly-created position of Senior Manager, and new Managers were employed for both branches to work under his direction.

**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.

## AVOCA DISTRICT CO-OPERATIVE LTD

## DIRECTORS' REPORT

30 JUNE 2009

**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.

**DIVIDENDS**

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

- (a) A 7% fully franked dividend was paid out of profits for the year ended 30 June 2008.
- (b) No dividend is recommended for payment out of profits for the year ended 30 June 2009.
- (c) No transaction-based bonus is recommended for payment for the year ended 30 June 2009.
- (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>
Mr Graeme J. Porter	Master Builder	129
Mr Douglas I. Streeter	Farmer	10
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	Vigneron	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

## AVOCA DISTRICT CO-OPERATIVE LTD

## DIRECTORS' REPORT

30 JUNE 2009

## MEETINGS OF DIRECTORS

The following table sets out the numbers of meetings the Co-operative's directors held during the year ended 30 June 2009, and the numbers of meetings attended by each director.

Number of meetings held:	12	Whilst a director	Attended
Number of meetings attended by:			
Mr Bruce Andrew Field		12	8
Mr D. Lloyd Gollop		12	12
Ms Kim Hart		12	4
Mr Anthony O'Shea		12	12
Mr Hayden Charles Pilgrim		12	12
Mr Vincent J. Scully		12	11
Mr Barry David Slater		12	9
Mr Douglas I. Strecter (Appointed 20/11/2009)		7	7
Mr Graeme J. Porter (Appointed 26/02/2009)		5	5
Mr Rohan Macaulley (Deceased 17/03/2009)		9	-

## AUDITOR'S INDEPENDENCE DECLARATION

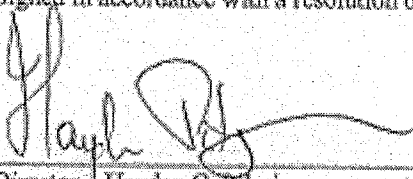
A copy of the auditor's declaration made under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.


## 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 this 20<sup>th</sup> day of November 2009.

## AVOCA DISTRICT CO-OPERATIVE LTD

**INCOME STATEMENT**  
**YEAR ENDED 30 JUNE 2009**

	Note	2009 \$	2008 \$
<b>INCOME</b>			
Income from Operating Activities	2	<u>784,488</u>	<u>728,009</u>
<b>EXPENSES</b>			
Administration		130,655	102,634
Finance Costs		17,005	17,504
Information Technology Costs		48,956	41,372
Service Delivery Costs		39,129	28,770
Depreciation & Amortisation		40,250	49,442
Occupancy Costs		52,486	51,481
Motor Vehicle Operating Costs		7,073	7,508
Employment & Staffing Costs		<u>437,420</u>	<u>390,844</u>
<b>Total Expenses</b>		<u>772,974</u>	<u>689,555</u>
<b>Profit from Ordinary Activities Before Income Tax Expense</b>		11,514	38,454
<b>Income Tax Expense Relating to Ordinary Activities</b>	4	<u>7,752</u>	<u>17,673</u>
<b>Net Profit from Operating Activities After Related Income Tax Expense</b>		<u>3,762</u>	<u>20,781</u>

The accompanying notes form part of the accounts.

## AVOCA DISTRICT CO-OPERATIVE LTD

BALANCE SHEET  
AS AT 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash Assets	8 (a)	95,066	141,765
Investments	9 (a)	-	53,526
Receivables	10	86,928	72,424
Other	11	<u>3,877</u>	<u>7,447</u>
<b>Total Current Assets</b>		<u>185,871</u>	<u>275,162</u>
<b>NON-CURRENT ASSETS</b>			
Investments	9 (b)	10	10
Property, Plant & Equipment	12	281,471	193,348
Intangible Assets	13	59,040	60,947
Deferred Tax Assets	14	<u>8,501</u>	<u>10,041</u>
<b>Total Non-Current Assets</b>		<u>349,022</u>	<u>264,346</u>
<b>TOTAL ASSETS</b>		<u>534,893</u>	<u>539,508</u>
<b>CURRENT LIABILITIES</b>			
Payables	15	66,816	52,266
Provisions	16	29,952	23,778
Short Term Borrowings	17	<u>5,929</u>	<u>5,501</u>
<b>Total Current Liabilities</b>		<u>102,697</u>	<u>81,545</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	16	3,306	4,796
Long Term Borrowings	17	<u>213,291</u>	<u>219,220</u>
<b>Total Non-Current Liabilities</b>		<u>216,597</u>	<u>224,016</u>
<b>Total Liabilities</b>		<u>319,294</u>	<u>305,561</u>
<b>NET ASSETS</b>		<u>215,599</u>	<u>233,947</u>
<b>EQUITY</b>			
Issued Capital	18	234,220	239,620
Accumulated Losses		<u>(18,621)</u>	<u>(5,673)</u>
<b>Total Equity</b>		<u>215,599</u>	<u>233,947</u>

The accompanying notes form part of the accounts.

## AVOCA DISTRICT CO-OPERATIVE LTD

STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 30 JUNE 2009

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
<b>Balance at 1 July 2007</b>	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	(20)	-	(20)
<b>Balance at 30 June 2008</b>	<u>239,620</u>	<u>(5,673)</u>	<u>233,947</u>
<b>Balance at 1 July 2008</b>	239,620	(5,673)	233,947
Capital contributed	-	-	-
Net profit attributable to members	-	3,762	3,762
Dividends recognised as a liability or paid	-	(16,710)	(16,710)
Shares bought back during the year	(5,400)	-	(5,400)
<b>Balance at 30 June 2009</b>	<u>234,220</u>	<u>(18,621)</u>	<u>215,599</u>

The accompanying notes form part of the accounts.

## AVOCA DISTRICT CO-OPERATIVE LTD

CASH FLOW STATEMENT  
YEAR ENDED 30 JUNE 2009

	Note	2009 \$ Inflows (Outflows)	2008 \$ Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Commission Income		731,141	659,773
Market Development Income		38,833	51,433
Interest Received		4,229	2,326
Payments to Suppliers & Employees		(717,712)	(649,681)
Income Tax Paid		<u>(3,858)</u>	<u>(3,292)</u>
<b>Net Cash Provided by Operating Activities</b>	<b>8(b)</b>	<u>52,633</u>	<u>60,559</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		(114,922)	(7,194)
Purchase of Intangible Assets		<u>(11,477)</u>	<u>-</u>
<b>Net Cash (Used) by Investing Activities</b>		<u>(126,399)</u>	<u>(7,194)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Acquisition of Investments		-	(53,526)
Proceeds from Investments		53,527	-
Repayment of Borrowings		(5,502)	(7,990)
Dividends Paid		(15,558)	(31)
Shares Bought Back		<u>(5,400)</u>	<u>(20)</u>
<b>Net Cash (Used) by Financing Activities</b>		<u>27,067</u>	<u>(61,567)</u>
<b>Net (Decrease)/Increase in Cash Held</b>		<u>(46,699)</u>	<u>(8,202)</u>
<b>Cash at the Beginning of the Financial Year</b>		<u>141,765</u>	<u>149,967</u>
<b>Cash at the End of the Financial Year</b>	<b>8(a)</b>	<u>95,066</u>	<u>141,765</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 2009

## 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 2009**

**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 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:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Furniture and Equipment	10-40%
Computer Hardware & Software	40%
Motor Vehicles	25%
Buildings	2.5%
Leasehold Improvements	2.5-40%

**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**

Provision is made for the Co-operative's liability for employee entitlements arising from services rendered by employees to balance date. Provisions for annual and sick leave have been measured at nominal value plus related on-costs. Provision for long service is accrued after 5 years of service and recorded as a current liability after 7 years of service. The provision has been measured at nominal values.

## AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2009

## 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.

## f) Intangibles

Franchise fees are measured on the cost basis less amortisation and impairment losses where applicable. Franchise fees are amortised on a systematic basis matched to the economic benefit expected to be gained from being a franchisee.

	2009 \$	2008 \$
<b>2. REVENUE</b>		
<b>Operating Activities</b>		
Commission income	744,152	672,647
Interest received	3,086	3,471
Market development income	37,250	51,891
	<u>784,488</u>	<u>728,009</u>
<b>3. EXPENDITURE INCURRED ON ORDINARY ACTIVITIES</b>		
Depreciation of non-current assets		
- Plant and equipment	19,875	26,130
Total depreciation	<u>19,875</u>	<u>26,130</u>
Amortisation of non-current assets		
- Leasehold improvements	6,924	8,009
- Intangibles	13,384	15,236
Total amortisation	<u>20,308</u>	<u>23,245</u>
Bad debts	6,423	1,079
Rental expense on operating leases		
- Minimum lease payments	50,228	42,548

## AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
<b>4. INCOME TAX</b>		
Operating profit before income tax	<u>11,514</u>	<u>38,454</u>
Income tax expense calculated at 30%	3,454	11,536
Tax effect of non-deductible depreciation and amortisation	4,298	4,571
Other	<u>-</u>	<u>1,566</u>
Income tax expense	<u><u>7,752</u></u>	<u><u>17,673</u></u>

**5. REMUNERATION AND RETIREMENT BENEFITS**

## a) Remuneration of Directors

No remuneration was received or receivable by the directors of the Co-operative other than \$5,200, 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	D. I. Streeter	G. J. Porter

## 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 2009

	2009	2008
	\$	\$
<b>6. AUDITOR'S REMUNERATION</b>		
Audit fees	2,450	2,450
Accounting and taxation services	14,640	-
	<u>17,090</u>	<u>2,450</u>
<b>7. DIVIDENDS</b>		
Dividends paid or provided during year from profit earned in the year ended 30 June 2008:-		
\$1.40 per share fully franked	<u>16,710</u>	<u>-</u>
<b>8. CASH ASSETS</b>		
<b>(a) Reconciliation of Cash</b>		
For the purposes of the Statement of Cash Flows the Co-operative considers cash to include cash on hand, cash at bank, bank overdraft, 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	<u>95,066</u>	<u>141,765</u>
<b>(b) Reconciliation of Net Cash Used in Operating Activities to Operating Result</b>		
Operating Result before Income Tax	11,514	38,454
Increase / (Decrease) in Payables	14,549	12,195
(Increase) / Decrease in Receivables	(12,964)	(7,930)
(Increase) / Decrease in Prepayments	3,502	(7,240)
Increase / (Decrease) in Employee Entitlements	1,180	(14,524)
(Increase) / Decrease in Other Current Assets	67	67
(Increase) / Decrease in Income Tax Payable	(5,398)	(9,838)
Depreciation and Amortisation	40,183	49,375
	<u>52,633</u>	<u>60,559</u>
<b>9. INVESTMENTS</b>		
<b>(a) Current Investments</b>		
Term Deposits	<u>-</u>	<u>53,526</u>
<b>(b) Non Current Investments</b>		
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 2009

	2009 \$	2008 \$
<b>10. RECEIVABLES</b>		
Trade debtors	86,928	71,280
Other accrued income	-	1,144
	<u>86,928</u>	<u>72,424</u>
<b>11. OTHER CURRENT ASSETS</b>		
Prepayments	3,738	7,241
Borrowing Costs	280	280
Accumulated Amortisation	(141)	(74)
	<u>3,877</u>	<u>7,447</u>
<b>12. PROPERTY PLANT AND EQUIPMENT</b>		
Land at cost	45,500	-
Buildings at cost	67,870	-
Accumulated depreciation	(949)	-
	<u>66,921</u>	<u>-</u>
Furniture & Equipment at cost	121,418	119,866
Accumulated depreciation	(70,332)	(56,879)
	<u>51,086</u>	<u>62,987</u>
Motor Vehicles at cost	30,286	30,286
Accumulated depreciation	(13,869)	(8,396)
	<u>16,417</u>	<u>21,890</u>
Leasehold improvements	125,345	125,345
Accumulated amortisation	(23,798)	(16,874)
	<u>101,547</u>	<u>108,471</u>
	<u>281,471</u>	<u>193,348</u>
<b>Movement in carrying amounts</b>		
Balance at beginning of year	193,348	220,293
Additions	114,922	7,194
Depreciation	(26,799)	(34,139)
Disposals	-	-
Carrying amount at end of year	<u>281,471</u>	<u>193,348</u>

## AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
<b>13. INTANGIBLE ASSETS</b>		
Franchise, licences & intellectual property rights	101,477	90,000
Less accumulated amortisation	<u>(42,437)</u>	<u>(29,053)</u>
	<u>59,040</u>	<u>60,947</u>
<b>Movement in carrying amounts</b>		
Balance at beginning of year	60,947	76,183
Additions	11,477	-
Amortisation	<u>(13,384)</u>	<u>(15,236)</u>
Carrying amount at end of year	<u>59,040</u>	<u>60,947</u>
<b>14. DEFERRED TAX ASSETS</b>		
Deferred Tax Assets comprise:		
Accruals	750	2,650
Provisions	7,770	7,416
Other	<u>(19)</u>	<u>(25)</u>
	<u>8,501</u>	<u>10,041</u>
<b>15. PAYABLES</b>		
Trade creditors	49,211	27,282
Accrued expenses	2,750	2,695
Sundry creditors	<u>14,855</u>	<u>22,289</u>
	<u>66,816</u>	<u>52,266</u>
<b>16. PROVISIONS</b>		
<b>Current</b>		
Employee entitlements	22,595	19,926
Income Tax	5,326	2,972
Dividends	<u>2,031</u>	<u>880</u>
	<u>29,952</u>	<u>23,778</u>
<b>Non current</b>		
Employee entitlements	<u>3,306</u>	<u>4,796</u>
Number of employees at year end	7	8

## AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
<b>17. INTEREST BEARING LIABILITIES</b>		
<b>Current</b>		
Motor vehicle finance	<u>5,929</u>	<u>5,501</u>
<b>Non current</b>		
Motor vehicle finance	13,291	19,220
Other long term liabilities	<u>200,000</u>	<u>200,000</u>
	<u>213,291</u>	<u>219,220</u>
<b>18. CONTRIBUTED EQUITY</b>		
11,711 (2008 11,981) fully paid ordinary shares of \$20 each	<u>234,220</u>	<u>239,620</u>
Ordinary shares at the beginning of the reporting period	239,620	239,640
Shares issued during the year	-	-
Shares bought back during the year	(5,400)	(20)
Shares forfeited during the year	-	-
At reporting date	<u>234,220</u>	<u>239,620</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 2009.		
<b>19. LEASE COMMITMENTS</b>		
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	27,849	21,334
Later than 1 year but not later than 2 years	28,406	16,271
Later than 2 years but not later than 5 years	<u>37,530</u>	<u>22,517</u>
	<u>93,785</u>	<u>60,122</u>
<b>20. SEGMENT REPORTING</b>		
The economic entity operates as a community branch of the Bendigo Bank Ltd in the Avoca and Maryborough districts.		
<b>21. ECONOMIC DEPENDENCY</b>		
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.		



## AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
<b>22. FINANCIAL INSTRUMENTS</b>		
<b>(a) Interest Rate Risk</b>		
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:		
<b>Fixed Rate</b>		
<i>Financial Assets</i>		
Cash at bank	-	53,526
Average interest rate	6.54%	6.51%
<b>Floating Interest Rate</b>		
<i>Financial Assets</i>		
Cash at bank on hand	95,066	141,765
Average interest rate	0.05%	0.05%
<i>Financial Liabilities</i>		
Motor vehicle finance	(19,220)	(24,721)
Average interest rate	7.58%	7.58%
Other long term liabilities	(200,000)	(200,000)
Average interest rate	7.67%	7.69%
Non Interest Bearing		

**(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 net fair values of listed investments have been valued at cost which approximate 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 values. No financial assets or financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the consolidated group intends to hold these assets to maturity.

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 the financial statements.

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

## AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2009

	2009		2008	
	Carrying amount \$	Net Fair value \$	Carrying amount \$	Net Fair value \$
<b>Financial Assets</b>				
Cash and cash equivalents	95,066	95,066	195,291	195,291
Trade and other receivables	90,805	90,805	79,871	79,871
	<b>185,871</b>	<b>185,871</b>	<b>275,162</b>	<b>275,162</b>
<b>Financial Liabilities</b>				
Trade and other payables	66,816	66,816	52,266	52,266
Loans and other borrowings	219,220	219,220	224,721	224,721
	<b>286,036</b>	<b>286,036</b>	<b>276,987</b>	<b>276,987</b>

Fair values are in line with carrying values.

(d) **Liquidity Risk**

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid investments are held.

2009  
\$

2008  
\$

**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 Director Mr H. C. Pilgrim & Mrs M. A. Pilgrim.

14,430

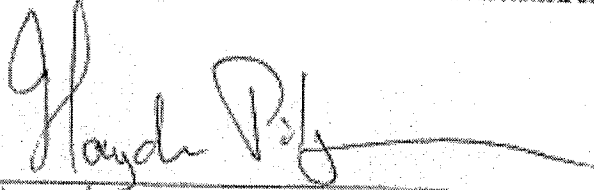
13,817

## AVOCA DISTRICT CO-OPERATIVE LTD

## DIRECTORS DECLARATION

1. The financial statements and notes set out on pages 4 to 17:
  - (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 2009 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 this 20<sup>th</sup> day of November 2009.

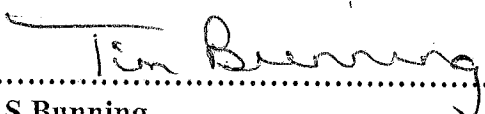
**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF AVOCA DISTRICT CO-OPERATIVE LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 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 20<sup>th</sup> day of November, 2009

**Prowse Perrin and Twomey  
20 Lydiard Street South  
BALLARAT VIC 3350**

  
.....  
**Tim S. Bunning  
Partner**

**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 2009, 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.

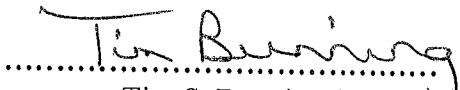
**Opinion**

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 2009 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.

Dated this <sup>23</sup>23 day of November, 2009

PROWSE, PERRIN & TWOMEY  
(Certified Practising Accountants)  
20 Lydiard Street South  
BALLARAT VIC 3350

  
.....  
Tim S. Bunning (Partner)