

**AVOCA DISTRICT
CO-OPERATIVE LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

AVOCA DISTRICT CO-OPERATIVE LIMITED

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

Directors' Report

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AVOCA DISTRICT CO-OPERATIVE LTD**DIRECTORS' REPORT
30 JUNE 2010**

The directors present their report on the Co-operative for the financial year ended 30 June 2010.

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
Anthony F. O'SHEA	Hayden C. PILGRIM	Vincent J. SCULLY
Barry D. SLATER	Douglas I. STREETER	Graeme J. PORTER

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 \$40,175 (2009 \$3,762).

REVIEW OF OPERATIONS

Turnover, profitability and margins have all improved during the financial year under review, and it is expected that this trend will continue.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The new management team and facilities described in last year's report are functioning well, and the Board is confident that the improvement in profit after tax will continue, which will enable the allocation of more funds to both shareholder dividends and support of worthwhile community activities.

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 2010**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 9% fully franked dividend is recommended for payment out of profits for the year ended 30 June 2010.
- (b) No transaction-based bonus is recommended for payment for the year ended 30 June 2010.
- (c) 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 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 2010

MEETINGS OF DIRECTORS

The following table sets out the numbers of meetings the Co-operative's directors held during the year ended 30 June 2010, and the numbers of meetings attended by each director.

Number of meetings held:	11	Whilst a director	Attended
Number of meetings attended by:			
Mr Bruce Andrew Field		11	7
Mr D. Lloyd Gollop		11	10
Ms Kim Hart		11	-
Mr Anthony O'Shea		11	10
Mr Hayden Charles Pilgrim		11	10
Mr Vincent J. Scully		11	10
Mr Barry David Slater		11	9
Mr Douglas L. Streeter		11	9
Mr Graeme J. Porter		11	10

AUDITOR'S INDEPENDENCE DECLARATION

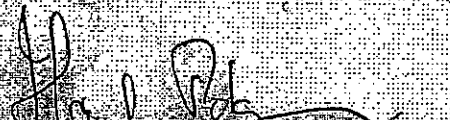
A copy of the auditor's declaration made under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

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 19th day of November 2010.

AVOCA DISTRICT CO-OPERATIVE LTD
COMPREHENSIVE INCOME STATEMENT
YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
INCOME			
Income from Operating Activities	2	<u>947,375</u>	<u>784,488</u>
EXPENSES			
Administration		135,489	130,722
Finance Costs		16,601	17,005
Information Technology Costs		48,234	48,956
Service Delivery Costs		31,614	39,129
Depreciation & Amortisation		38,282	40,183
Occupancy Costs		60,095	52,486
Motor Vehicle Operating Costs		8,263	7,073
Employment & Staffing Costs		<u>545,636</u>	<u>437,420</u>
Total Expenses		<u>885,214</u>	<u>772,974</u>
Profit from Ordinary Activities Before Income Tax Expense		63,161	11,514
Income Tax Expense Relating to Ordinary Activities	4	<u>22,986</u>	<u>7,752</u>
Net Profit from Operating Activities After Related Income Tax Expense		<u>40,175</u>	<u>3,762</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive Income		<u>40,175</u>	<u>3,762</u>

The accompanying notes form part of the accounts.

AVOCA DISTRICT CO-OPERATIVE LTD

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash Assets	8 (a)	143,995	95,066
Receivables	9	100,817	86,928
Other	10	<u>3,400</u>	<u>3,877</u>
Total Current Assets		<u>248,212</u>	<u>185,871</u>
NON-CURRENT ASSETS			
Investments	11	10	10
Property, Plant & Equipment	12	273,950	281,471
Intangible Assets	13	46,994	59,040
Deferred Tax Assets	14	<u>12,349</u>	<u>8,501</u>
Total Non-Current Assets		<u>333,303</u>	<u>349,022</u>
TOTAL ASSETS		<u>581,515</u>	<u>534,893</u>
CURRENT LIABILITIES			
Payables	15	54,323	66,816
Provisions	16	55,726	29,952
Short Term Borrowings	17	<u>13,291</u>	<u>5,929</u>
Total Current Liabilities		<u>123,340</u>	<u>102,697</u>
NON-CURRENT LIABILITIES			
Provisions	16	3,001	3,306
Long Term Borrowings	17	<u>200,000</u>	<u>213,291</u>
Total Non-Current Liabilities		<u>203,001</u>	<u>216,597</u>
Total Liabilities		<u>326,341</u>	<u>319,294</u>
NET ASSETS		<u>255,174</u>	<u>215,599</u>
EQUITY			
Issued Capital	18	233,620	234,220
Accumulated Profit / (Losses)		<u>21,554</u>	<u>(18,621)</u>
Total Equity		<u>255,174</u>	<u>215,599</u>

The accompanying notes form part of the accounts.

AVOCA DISTRICT CO-OPERATIVE LTD

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2010

	Issued Capital	Accumulated Profits / (Losses)	Total
	\$	\$	\$
Balance at 1 July 2008	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	<u>(5,400)</u>	<u>-</u>	<u>(5,400)</u>
Balance at 30 June 2009	234,220	(18,621)	215,599
Capital contributed	-	-	-
Net profit attributable to members	-	40,175	40,175
Dividends recognised as a liability or paid	-	-	-
Shares bought back during the year	<u>(600)</u>	<u>-</u>	<u>(600)</u>
Balance at 30 June 2010	<u>233,620</u>	<u>21,554</u>	<u>255,174</u>

The accompanying notes form part of the accounts.

AVOCA DISTRICT CO-OPERATIVE LTD

STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2010

	Note	2010 \$ Inflows (Outflows)	2009 \$ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Commission Income		882,506	731,141
Market Development Income		51,750	38,833
Interest Received		11	4,229
Payments to Suppliers & Employees		(845,104)	(717,712)
Income Tax Paid		(14,723)	(3,858)
Net Cash Provided by Operating Activities	8(b)	<u>74,440</u>	<u>52,633</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(18,716)	(114,922)
Purchase of Intangible Assets		-	(11,477)
Net Cash (Used) by Investing Activities		<u>(18,716)</u>	<u>(126,399)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Investments		-	53,527
Repayment of Borrowings		(5,929)	(5,502)
Dividends Paid		(266)	(15,558)
Shares Bought Back		(600)	(5,400)
Net Cash (Used) by Financing Activities		<u>(6,795)</u>	<u>27,067</u>
Net (Decrease)/Increase in Cash Held		<u>48,929</u>	<u>(46,699)</u>
Cash at the Beginning of the Financial Year		<u>95,066</u>	<u>141,765</u>
Cash at the End of the Financial Year	8(a)	<u>143,995</u>	<u>95,066</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 2010

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 2010

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:

Class of Fixed Asset	Depreciation Rate
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 2010

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.

	2010	2009
	\$	\$
2. REVENUE		
Operating Activities		
Commission income	894,447	744,152
Interest received	11	3,086
Market development income	52,917	37,250
	<u>947,375</u>	<u>784,488</u>
3. EXPENDITURE INCURRED ON ORDINARY ACTIVITIES		
Depreciation of non-current assets		
- Plant and equipment	17,252	19,875
Total depreciation	<u>17,252</u>	<u>19,875</u>
Amortisation of non-current assets		
- Leasehold improvements	8,984	6,924
- Intangibles	12,046	13,384
Total amortisation	<u>21,030</u>	<u>20,308</u>
Bad debts	2,011	6,423
Rental expense on operating leases		
- Minimum lease payments	59,348	50,228

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$		
4. INCOME TAX				
Operating profit before income tax	<u>63,161</u>	<u>11,514</u>		
Income tax expense calculated at 30%	18,948	3,454		
Tax effect of non-deductible depreciation and amortisation	<u>4,038</u>	<u>4,298</u>		
Income tax expense	<u><u>22,986</u></u>	<u><u>7,752</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	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
6. AUDITORS' REMUNERATION				
Audit fees	2,575		2,450	
Accounting and taxation services	<u>12,330</u>		<u>14,640</u>	
	<u><u>14,905</u></u>		<u><u>17,090</u></u>	
7. DIVIDENDS				
Fully franked ordinary dividend paid or provided of \$Nil per share for the year ended 30 June 2010 (2009: \$1.40)		<u>-</u>		<u>16,710</u>

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
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, 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>143,995</u>	<u>95,066</u>
(b) Reconciliation of Net Cash Used in Operating Activities to Operating Result		
Operating Result before Income Tax	63,161	11,514
Increase / (Decrease) in Payables	(12,492)	14,549
(Increase) / Decrease in Receivables	(17,737)	(12,964)
(Increase) / Decrease in Prepayments	411	3,502
Increase / (Decrease) in Employee Entitlements	12,737	1,180
(Increase) / Decrease in Other Current Assets	67	67
(Increase) / Decrease in Income Tax Payable	(9,989)	(5,398)
Depreciation and Amortisation	<u>38,282</u>	<u>40,183</u>
	<u>74,440</u>	<u>52,633</u>
9. RECEIVABLES		
Trade debtors	98,270	86,928
Other debtors	<u>2,547</u>	<u>-</u>
	<u>100,817</u>	<u>86,928</u>
10. OTHER CURRENT ASSETS		
Prepayments	3,328	3,738
Borrowing Costs	280	280
Accumulated Amortisation	<u>(208)</u>	<u>(141)</u>
	<u>3,400</u>	<u>3,877</u>
11. 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 2010

	2010 \$	2009 \$
12. PROPERTY PLANT AND EQUIPMENT		
Land at cost	<u>45,500</u>	<u>45,500</u>
Buildings at cost	75,804	67,870
Accumulated depreciation	<u>(4,203)</u>	<u>(949)</u>
	71,601	66,921
Furniture & Equipment at cost	122,085	121,418
Accumulated depreciation	<u>(80,226)</u>	<u>(70,332)</u>
	41,859	51,086
Motor Vehicles at cost	30,286	30,286
Accumulated depreciation	<u>(17,973)</u>	<u>(13,869)</u>
	12,313	16,417
Leasehold improvements	135,459	125,345
Accumulated amortisation	<u>(32,782)</u>	<u>(23,798)</u>
	<u>102,677</u>	<u>101,547</u>
	<u>273,950</u>	<u>281,471</u>
Movement in carrying amounts		
Balance at beginning of year	281,471	193,348
Additions	18,715	114,922
Depreciation and amortisation	(26,236)	(26,799)
Disposals	-	-
Carrying amount at end of year	<u>273,950</u>	<u>281,471</u>
13. INTANGIBLE ASSETS		
Franchise, licences & intellectual property rights	101,477	101,477
Less accumulated amortisation	<u>(54,483)</u>	<u>(42,437)</u>
	<u>46,994</u>	<u>59,040</u>
Movement in carrying amounts		
Balance at beginning of year	59,040	60,947
Additions	-	11,477
Amortisation	<u>(12,046)</u>	<u>(13,384)</u>
Carrying amount at end of year	<u>46,994</u>	<u>59,040</u>

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
14. DEFERRED TAX ASSETS		
Deferred Tax Assets comprise:		
Accruals	773	750
Provisions	11,591	7,770
Other	(15)	(19)
	<u>12,349</u>	<u>8,501</u>
15. PAYABLES		
Trade creditors	34,892	49,211
Accrued expenses	2,832	2,750
Sundry creditors	16,599	14,855
	<u>54,323</u>	<u>66,816</u>
16. PROVISIONS		
Current		
Employee entitlements	35,637	22,595
Income Tax	18,323	5,326
Dividends	1,766	2,031
	<u>55,726</u>	<u>29,952</u>
Non current		
Employee entitlements	<u>3,001</u>	<u>3,306</u>
Number of employees at year end	12	10
17. INTEREST BEARING LIABILITIES		
Current		
Motor vehicle finance	<u>13,291</u>	<u>5,929</u>
Non current		
Motor vehicle finance	-	13,291
Other long term liabilities	200,000	200,000
	<u>200,000</u>	<u>213,291</u>

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
18. CONTRIBUTED EQUITY		
11,681 (2009 11,711) fully paid ordinary shares of \$20 each	<u>233,620</u>	<u>234,220</u>
Ordinary shares at the beginning of the reporting period	234,220	239,620
Shares issued during the year	-	-
Shares bought back during the year	(600)	(5,400)
Shares forfeited during the year	-	-
At reporting date	<u>233,620</u>	<u>234,220</u>
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	28,334	27,849
Later than 1 year but not later than 2 years	17,714	28,406
Later than 2 years but not later than 5 years	19,837	37,530
	<u>65,885</u>	<u>93,785</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.

AVOCA DISTRICT CO-OPERATIVE LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
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:		
Floating Interest Rate		
<i>Financial Assets</i>		
Cash at bank on hand	143,995	95,066
Average interest rate	0.04%	0.05%
<i>Financial Liabilities</i>		
Motor vehicle finance	(13,291)	(19,220)
Average interest rate	7.62%	7.58%
Other long term liabilities	(200,000)	(200,000)
Average interest rate	7.68%	7.67%

(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 2010

	2010		2009	
	Carrying amount	Net Fair value	Carrying amount	Net Fair value
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	143,995	143,995	95,066	95,066
Trade and other receivables	104,217	104,217	90,805	90,805
	248,212	248,212	185,871	185,871
Financial Liabilities				
Trade and other payables	54,323	54,323	66,816	66,816
Loans and other borrowings	213,291	213,291	219,220	219,220
	267,617	267,614	286,036	286,036

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.

2010	2009
\$	\$

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.

14,662	14,430
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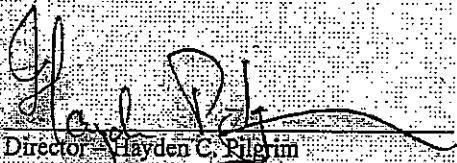
AVOCA DISTRICT CO-OPERATIVE LTD

DIRECTORS DECLARATION


The directors of the Co-operative declare that:

1. The financial statements and notes, as set out on pages 4 to 17, are in accordance with the *Co-Operatives Act 1996* and:
 - a. comply with the Accounting Standards and the *Co-Operatives Act 1996*; and
 - b. give a true and fair view of the Co-operative's financial position as at 30 June 2010 and of the performance for the year ended on that date of the entity;
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

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


Director - Hayden C. Pilgrim


Director - Anthony F. O'Shea

Dated this  day of November 2010.

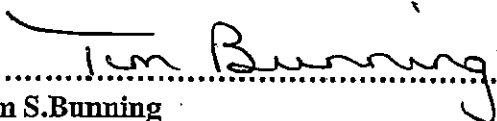
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AVOCA DISTRICT CO-OPERATIVE LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 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 18th day of November, 2010

Prowse Perrin and Twomey
20 Lydiard Street South
BALLARAT VIC 3350


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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 2010, 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.

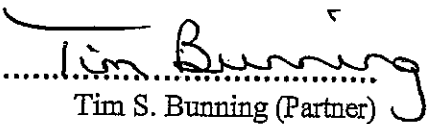
Opinion

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 2010 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 22nd day of November, 2010

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


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Tim S. Bunning (Partner)