Avoca District Co-operative Ltd.

Financial Statements

For the Year Ended 30 June 2011

Contents

For the Year Ended 30 June 2011

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration	4
Comprehensive Income Statement	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	18
Independent Auditor's Report	19

Directors Report

For the Year Ended 30 June 2011

Your directors present their report on Avoca District Co-operative Ltd for the financial year ended 30 June 2011.

Directors

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

Mr Bruce Andrew Field	(retired 25 November 2010)
Mr D. Lloyd Gollop	
Ms Kim Hart	(retired 25 November 2010)
Mr Anthony F. O'Shea	
Mr Hayden Charles Pilgrim	
Mr Vincent J. Scully	
Mr Barry David Slater	
Mr Douglas I. Streeter	
Mr Graeme J. Porter	
Ms Sally-ann Jukes	(elected 25 November 2010)
Mr Ken Field	(elected 25 November 2010)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Secretary

Mr Anthony O'Shea has been the secretary of the Co-operative 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 36 years of active involvement within the co-operative movement.

Review of Operations

The profit for the year after allowing for income tax amounted to $142,836 (2010: $40,175). Turnover, profitability and margins have all improved during the year under review, and it is expected that this trend will continue. The profit for the year includes market development income in relation to previous financial years received by the co-operative during the current year of $63,105 after tax.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Co-operative during the year.

Principal Activities

The principal activity of Avoca District Co-operative Ltd. 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 the Bendigo Bank Limited.

Events Subsequent to the End of the Reporting Period

On 1 October 2011 the Co-operative assumed control of the St Arnaud agency of the Bendigo Bank Limited. No other 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.

Directors Report

For the Year Ended 30 June 2011

Likely Developments and Expected Results of Operations

Likely developments in the operations of the co-operative 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 co-operative.

Environmental Regulation

The co-operative's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

The following dividends and/or bonuses were paid or recommended for payment:

a) A 9% fully franked dividend was paid out of profits for the year ended 30 June 2010.
b) A 15% fully franked dividend is recommended for payment out of retained earnings available at the time of declaration of the dividends.
c) The directors recommend a bonus share issue of 3 shares for every 5 shares held in the Co-operative in accordance with Section 273(1)(b) of the Co-operatives Act 1996 out of retained earnings available at the time of declaration of the bonus share issue.
d) No transaction based bonus is recommended for payment in relation to the year ended 30 June 2011.
e) No amount is recommended for payment in accordance with Section 272(2) of the Co-operatives Act 1996.

Options

No options over shares issued or interest in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Information on Directors

Director	*Experience*	*Shares Held in the Co-operative*
Mr D. Lloyd Gollop	Farmer	150
Mr Anthony F. O'Shea	Co-operative Director Manager	10
Mr Hayden Charles Pilgrim	Retired School Principal	100 (held jointly)
Mr Vincent J. Scully	Vigneron	25
Mr Barry David Slater	Business Proprietor	125
Mr Douglas I. Streeter	Farmer	10
Mr Graeme J. Porter	Master Builder	129
Ms Sally-ann Jukes	Vigneron	25 (held jointly)
Mr Ken Field	Retired Teacher	58 (hold jointly)

Directors Report
For the Year Ended 30 June 2011

Meetings of Directors

Number of meetings held during the year: 11

Director	*Number of Meetings Held Whilst a Director*	*Number of Meetings Attended*
Mr Bruce Andrew Field	5	3
Mr D. Lloyd Gollop	11	10
Ms Kim Hart	5	-
Mr Anthony F. O'Shea	11	11
Mr Hayden Charles Pilgrim	11	11
Mr Vincent J. Scully	11	10
Mr Barry David Slater	11	10
Mr Douglas I. Streeter	11	11
Mr Graeme J. Porter	11	11
Ms Sally-ann Jukes	6	5
Mr Ken Field	6	5

Indemnification of Officers

The co-operative had not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the co-operative or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in defending legal proceedings. 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.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the co-operative or 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 any part of those proceedings. The co-operative was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Signed in accordance with a resolution of the board of directors:

Director ______________________
Mr Hayden Charles Pilgrim

Director ______________________
Mr Anthony O'Shea

Dated this 16th day of November 2011.

Avoca District Co-operative Ltd
ABN 82 022 501 598

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2011

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 2011, 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.

Dated this 14th day of November 2011.

Prowse, Perrin & Twomey
20 Lydiard Street South
Ballarat VIC 3350

Tim Bunning

Mr Tim S. Bunning
Partner

Comprehensive Income Statement

For the Year Ended 30 June 2011

	Note	2011 $	2010 $
Income			
Income from operating activities	2	1,238,093	947,375
Expenses			
Administration		212,002	135,489
Finance costs		17,363	16,601
Information technology costs		47,167	48,234
Service delivery costs		32,025	31,614
Depreciation and amortisation		40,168	38,282
Occupancy costs		63,167	60,095
Motor vehicle operating costs		8,980	8,263
Employment and staffing costs		608,238	545,636
		1,029,110	885,214
Operating profit from ordinary activities		208,983	63,161
Income tax expense	4	66,147	22,986
Operating profit for the year attributable to members		142,836	40,175
Other comprehensive income		-	-
Total comprehensive income		142,836	40,175

The accompanying notes form part of these financial statements.

Statement of Financial Position

For the Year Ended 30 June 2011

	Note	2011 $	2010 $
Assets			
Current Assets			
Cash and cash equivalents	8(b)	291,124	143,995
Trade and other receivables	9	107,989	100,817
Other	10	4,580	3,400
Total Current Assets		403,693	248,212
Non-Current Assets			
Investments	11	10	10
Property, plant and equipment	12	349,861	320,944
Deferred tax assets	13	11,049	12,349
Total Non-Current Assets		360,920	333,303
Total Assets		764,613	581,515
Liabilities			
Current Liabilities			
Borrowings	14	7,459	13,291
Tax Liabilities	15	60,095	18,323
Trade and other payables	16	54,659	54,323
Provisions	17	42,609	37,403
Total Current Liabilities		164,822	123,340
Non-Current Liabilities			
Borrowings	14	228,693	200,000
Provisions	17	3,568	3,001
Total Non-Current Liabilities		232,261	203,001
Total Liabilities		397,083	326,341
Net Assets		367,530	255,174
Equity			
Contributed equity		224,120	233,620
Retained earnings		143,410	21,554
Total Equity		367,530	255,174

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2011

	Contributed Equity $	Retained Earnings $	Total $
Balance at 1 July 2009	234,220	(18,621)	215,599
Net profit attributable to members of the co-operative	-	40,175	40,175
Shares issued	-	-	-
Shares bought back	(600)	-	(600)
Dividends paid or provided for	-	-	-
Balance at 30 June 2010	233,620	21,554	255,174

	Contributed Equity $	Retained Earnings $	Total $
Balance at 1 July 2010	233,620	21,554	255,174
Net profit attributable to members of the co-operative	-	142,836	142,836
Shares issued	-	-	-
Shares bought back	(9,500)	-	(9,500)
Dividends paid or provided for	-	(20,980)	(20,980)
Balance at 30 June 2011	224,120	143,410	367,530

Avoca District Co-operative Ltd.
ABN 82 022 501 598

Statement of Cash Flows

For the Year Ended 30 June 2011

	Note	2011 $	2010 $
Cash Flows from Operating Activities			
Receipts from operating activities		1,225,809	934,256
Payments to suppliers and other contract services		(966,995)	(828,503)
Interest received		3,037	11
Interest paid		(17,364)	(16,601)
Income tax paid		(22,189)	(14,723)
Net cash provided by (used in) operating activities	8(a)	222,298	74,440
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(78,175)	(18,716)
Proceeds from sale of property, plant and equipment		9,091	-
Payments for investments		-	-
Net cash provided by (used in) investing activities		(69,084)	(18,716)
Cash Flows from Financing Activities			
Dividends paid		(19,946)	(266)
Proceeds from borrowings		40,504	-
Repayment of borrowings		(17,643)	(5,929)
Receipts from issue of shares		-	-
Payments for shares bought back		(9,000)	(600)
Net cash provided by (used in) financing activities		(6,085)	(6,795)
Net increase/(decrease) in cash and cash equivalents held		147,129	48,929
Cash and cash equivalents at beginning of financial year		143,995	95,066
Cash and cash equivalents at end of financial year	8(b)	291,124	143,995

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2011

Avoca District Co-operative Limited is a co-operative limited by shares, incorporated and domiciled in Australia.

1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are a general purpose financial report that have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations of the Australian Accounting Standards Board (AASB) 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.

The financial statements have been prepared on an accruals 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 income tax expense or revenue for the year comprises current income tax expense or revenue and deferred tax expense or revenue. Current income tax expense charged to the profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to or recovered from the relevant tax authority.

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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2011

b) **Property, Plant and Equipment (continued)**

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	5-40%
Computer Hardware & Software	25-40%
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 in 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.

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.

Notes to the Financial Statements
For the Year Ended 30 June 2011

	2011 $	2010 $
2 Income from operating activities		
Commission income	1,049,048	894,447
Interest income	7,572	11
Market development income	181,473	52,917
	1,238,093	947,375

Market development income includes income received during the 2011 year relating to prior years totalling $90,150.

3 Expenditure on operating activities

Profit before income tax from continuing operations is after allowing for the following specific expenses:

	2011 $	2010 $
Depreciation and amortisation of non-current assets		
- Buildings	3,003	3,254
- Plant and equipment	11,026	9,894
- Motor vehicles	6,337	4,104
- Leasehold improvements	7,908	8,984
- Intangibles	10,096	12,046
	38,370	38,282
Bad debts	365	2,011
Rental expense on operating leases	62,792	59,348
Sponsorship of Community Enterprise Foundation	68,182	-

4 Income tax expense

	2011 $	2010 $
(a) The components of income tax expense comprise:		
Current tax	64,847	26,834
Deferred tax	1,300	(3,848)
	66,147	22,986
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Operating profit before income tax	208,983	63,161
Income tax expense calculated at 30%	62,695	18,948
Add:		
Tax effect of non-deductible depreciation and amortisation	3,452	4,038
Income tax attributable to the entity	66,147	22,986

Notes to the Financial Statements

For the Year Ended 30 June 2011

		2011 $	2010 $

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 Anthony F. O'Shea as honorarium for his efforts as the secretary of the Co-operative.

The directors who have held office during the reporting period are:

Mr Bruce Andrew Field	Mr D. Lloyd Gollop
Ms Kim Hart	Mr Anthony F. O'Shea
Mr Hayden Charles Pilgrim	Mr Vincent J. Scully
Mr Barry David Slater	Mr Douglas I. Streeter
Mr Graeme J. Porter	Ms Sally-ann Jukes
Mr Ken Field	

(b) Retirement Benefits

No amounts were paid to a superannuation plan for the provision of retirement benefits by:

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

6 Auditors' remuneration

	2011 $	2010 $
Audit fees – current year	2,800	2,575
Audit fees – prior year under accrual	125	-
Accounting, consulting and taxation services	15,570	12,330
	18,495	14,905

7 Dividends

	2011 $	2010 $
Fully franked ordinary dividends were paid or provided of $1.80 per share during the year ended 30 June 2011 (2010: nil)	20,980	-
	20,980	-

8 Cash and cash equivalents

(a) Reconciliation of result for the year to cash flows from operating activities

	2011 $	2010 $
Operating profit from ordinary activities	208,983	63,161
Non-cash flows in profit:		
- depreciation and amortisation	38,370	38,282
- loss on disposal of property, plant and equipment	1,798	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(5,871)	(17,737)
- (increase)/decrease in other assets	(226)	67
- (increase)/decrease in prepayments	(955)	411
- increase/(decrease) in trade and other payables	336	(12,492)
- increase/(decrease) in provision for income tax	(24,375)	(9,989)
- increase/(decrease) in provision for employee entitlements	4,238	12,737
Cashflow from operations	222,298	74,440

Notes to the Financial Statements

For the Year Ended 30 June 2011

	2011 $	2010 $
8 Cash and cash equivalents (continued)		
(b) Reconciliation of Cash		
Cash at bank	38,099	143,995
Short-term bank deposits	253,025	-
	291,124	143,995
9 Trade and other receivables		
Accrued income	4,535	-
Trade receivables	103,454	98,270
Other receivables	-	2,547
	107,989	100,817
10 Other current assets		
Prepayments	4,283	3,328
Borrowing costs	297	72
	4,580	3,400
11 Investments		
Shares in other Co-operatives	10	10
	10	10
12 Property, plant and equipment		
Land and buildings		
Land and buildings at cost	121,638	121,304
Accumulated depreciation	(7,206)	(4,203)
	114,432	117,101
Office furniture and equipment		
At cost	163,522	122,085
Accumulated depreciation	(91,252)	(80,226)
	72,270	41,859
Motor vehicles		
At cost	36,404	30,286
Accumulated depreciation	(4,912)	(17,973)
	31,492	12,313
Leasehold improvements		
At cost	135,459	135,459
Accumulated depreciation	(40,690)	(32,782)
	94,769	102,677

Notes to the Financial Statements

For the Year Ended 30 June 2011

	2011 $	2010 $
12 Property, plant and equipment (continued)		
Intangible franchise, licence and intellectual property assets		
At cost	101,477	101,477
Accumulated depreciation	(64,579)	(54,483)
	36,898	46,994
Total property, plant and equipment	349,861	320,944

Movement in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land & Buildings $	Office Furniture & Equipment $	Motor Vehicles $	Leasehold Improvements $	Intangible assets $	Total $ $
Balance at 1 July 2010	117,101	41,859	12,313	102,677	46,994	320,944
Additions	334	41,437	36,404	-	-	78,175
Disposals	-	-	(10,888)	-	-	(10,888)
Depreciation	(3,003)	(11,026)	(6,337)	(7,908)	(10,096)	(38,370)
Balance at 30 June 2011	114,432	72,270	31,492	94,769	36,898	349,861

	2011 $	2010 $
13 Deferred tax asset		
Deferred tax asset comprises:		
Accrued expenses	840	773
Provisions	12,863	11,591
Accrued income	(1,361)	-
Prepaid expenses	(1,284)	-
Other	(9)	(15)
	11,049	12,349
14 Borrowings		
CURRENT		
Motor vehicle loan	7,459	13,291
	7,459	13,291
NON-CURRENT		
Motor vehicle loan	28,692	-
Bank loan	200,000	200,000
	228,692	200,000
	236,151	213,291

The motor vehicle loan is secured by a goods mortgage over the vehicle. The bank loan is an unsecured commercial loan.

Notes to the Financial Statements

For the Year Ended 30 June 2011

	2011 $	2010 $
15 Tax liabilities		
Provision for income tax	60,095	18,323
	60,095	18,323
16 Trade and other payables		
Accrued expenses	3,080	2,832
Trade and other creditors	51,579	51,491
	54,659	54,323
17 Provisions		
Current		
Provision for employee entitlements	39,309	35,637
Provision for dividends	3,300	1,766
	42,609	37,403
Non-current		
Provision for employee entitlements	3,568	3,001
	3,568	3,001
	46,177	40,404
Number of employees at year end	10	12
18 Contributed equity		
11,206 ordinary shares issued at $20.00 each (2010: 11,681 shares)	224,120	233,620
	224,120	233,620

Fully paid ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up the co-operative in proportion to the number of shares held. At shareholders' meetings each member is entitled to one vote when a poll is called.

During the year ended 30 June 2011 no shares were issued (2010: no shares issued).

During the year ended 30 June 2011 475 shares were bought back by the Co-operative (2010: 30 shares).

Notes to the Financial Statements

For the Year Ended 30 June 2011

	2011 $	2010 $

19 Lease commitments

The following non-cancellable lease expenditure was contracted for at the reporting date but not provided for in the financial statements:

	2011 $	2010 $
Not later than one year	29,375	28,334
Later than one year but not later than five years	80,068	37,551
Later than five years	-	-
	109,443	65,885

The contracted expenditure comprises occupancy leases for the branch premises in Avoca and Maryborough. The current lease for the Avoca branch premises commenced on 1 February 2009 for a term of 5 years with an option for 1 additional term of 5 years. The option under the current lease for the Maryborough branch premises has been exercised for a term of 5 years commencing on 1 November 2011 with an additional option for 1 additional term of 5 years.

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 the financial instruments will fluctuate as a result of changes in market interest rates and the effective average rates on those financial assets is as follows:

	2011 $	2010 $
Floating Interest Rate		
Financial Assets		
Cash at bank	38,099	143,995
Average interest rate	0.01%	0.04%
Financial Liabilities		
Motor vehicle finance	(36,141)	(13,291)
Average interest rate	7.72%	7.62%
Bank loans	(200,000)	(200,000)
Average interest rate	7.68%	7.68%
Fixed Interest Rate		
Financial Assets		
Short-term bank deposits	253,025	-
Average interest rate	5.95%	-

22 Financial Instruments (continued)

(b) Credit risk

The maximum exposure of the Co-operative to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the financial statements.

(c) Net fair values

The net fair value of listed investments have been valued at cost which approximates the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and liabilities the net fair value approximates their carrying value. 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 aggregated net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the Notes to the Financial Statements.

	2011		2010	
	$	$	$	$
Aggregated net fair values and carrying amounts of financial assets and financial liabilities at reporting date are:				
	Carrying amount	Net fair value	Carrying amount	Net fair value
Financial Assets				
Cash and cash equivalents	291,124	291,124	143,995	143,995
Trade and other receivables	112,569	112,569	104,217	104,217
	403,693	403,693	248,212	248,212
Financial Liabilities				
Trade and other creditors	54,659	54,659	54,323	54,323
Loans and other borrowings	236,151	236,151	213,291	213,291
	290,810	290,810	267,614	267,614

(d) Liquidity risk

The Co-operative manages liquidity risk by monitoring cash flows and ensuring that adequate liquid investments are held.

	2011	2010
	$	$

23 Related party transactions

Transactions with 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):

	2011	2010
Premises were leased in Maryborough from director, Mr Hayden C. Pilgrim and Mrs M. A. Pilgrim	15,026	14,662

Directors Declaration

The directors have determined that the co-operative is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors' of the co-operative declare that:

1. The financial statements and notes, as set out on pages 5 to 17, are in accordance with the Co-operatives Act 1996:
   a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
   b) give a true and fair view of the co-operative's financial position as at 30 June 2011 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion 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 ______________________
Mr Hayden Charles Pignm

Director ______________________
Mr Anthony O'Shea

Dated this 16th day of November 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVOCA DISTRICT CO-OPERATIVE LTD

We have audited the accompanying financial report, being a general purpose financial report, of Avoca District Co-operative Ltd, which comprises the statement of financial position as at 30 June 2011, the comprehensive income statement, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the Directors' declaration.

Directors' responsibility for the financial report

The Directors of the Co-operative are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The Directors' responsibilities also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We have 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 judgement, 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 Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001* and Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report of Avoca District Co-operative Ltd is in accordance with the *Corporations Act 2001,* including:

(a) giving a true and fair view of the Co-operative's financial position as at 30 June 2011 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and

(b) complying with Accounting Standards in Australia to the extent described in Note 1 and the Corporations Regulations 2001.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001.* As a result, the financial report may not be suitable for any other purpose.

Dated this 17th day of November 2011.

Prowse, Perrin & Twomey
20 Lydiard Street South
Ballarat VIC 3350

Tim Bunning

Mr Tim S. Bunning
Partner