

Avoca District Co-operative Limited

ABN: 82 022 501 598

Financial Statements

For the Year Ended 30 June 2012

Avoca District Co-operative Limited

ABN: 82 022 501 598

Contents

30 June 2012

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	24
Independent Audit Report	25

Directors' Report

30 June 2012

Your directors present their report on Avoca District Co-operative Limited for the financial year ended 30 June 2012.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Mr D. Lloyd Gollop
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

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

Secretary

Mr Anthony F. O'Shea has been the secretary of the Co-operative during the year. 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 37 years of active involvement within the Co-operative movement.

Principal activities

The principal activity of Avoca District Co-operative Limited 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.

No significant changes in the nature of the entity's activity occurred during the financial year.

Operating results

The profit of the Co-operative after providing for income tax amounted to \$126,226 (2011: \$142,835).

A review of the operations of the Co-operative during the financial year and the results of those operations show that turnover, profitability and margins have all improved during the year under review, and it is expected that this trend will continue.

Directors' Report

30 June 2012

Dividends and bonuses paid or recommended

Dividends and bonuses paid or recommended for payment since the start of the financial year are as follows:

- A 15% fully franked dividend was paid during the year as recommended in last year's report.
- An 8% fully franked dividend is recommended for payment out of retained earnings available at the time of declaration of the dividends.
- A bonus share issue of 3 shares for every 5 shares held in the Co-operative was completed during the year as recommended in last year's report.
- A bonus share issue of 2 shares for every 5 shares held in the Co-operative is recommended 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.
- No transaction based bonus is recommended for payment in relation to the year ended 30 June 2012.
- No amount is recommended for payment in accordance with Section 272(2) of the Co-operatives Act 1996.

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

Significant changes in state of affairs

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

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 and results

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 issues

The Co-operative's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Avoca District Co-operative Limited

ABN: 82 022 501 598

Directors' Report

30 June 2012

Information on directors

Mr D. Lloyd Gollop	
Occupation	Farmer
Shares held in the Co-operative	240
Mr Anthony F. O'Shea	
Occupation	Co-operative Director Manager
Shares held in the Co-operative	16
Mr Hayden Charles Pilgrim	
Occupation	Retired School Principal
Shares held in the Co-operative	160 (held jointly)
Mr Vincent J. Scully	
Occupation	Vigneron
Shares held in the Co-operative	40
Mr Barry David Slater	
Occupation	Business Proprietor
Shares held in the Co-operative	200
Mr Douglas I. Streeter	Retired September 2012
Occupation	Farmer
Shares held in the Co-operative	16
Mr Graeme J. Porter	
Occupation	Master Builder
Shares held in the Co-operative	206
Ms Sally-ann Jukes	
Occupation	Vigneron
Shares held in the Co-operative	40 (held jointly)
Mr Ken Field	
Occupation	Retired Teacher
Shares held in the Co-operative	92 (held jointly)

Directors' Report

30 June 2012

Meetings of directors

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr D. Lloyd Gollop	11	9
Mr Anthony F. O'Shea	11	11
Mr Hayden Charles Pilgrim	11	11
Mr Vincent J. Scully	11	9
Mr Barry David Slater	11	11
Mr Douglas I. Streeter	11	9
Mr Graeme J. Porter	11	11
Ms Sally-ann Jukes	11	5
Mr Ken Field	11	10

Indemnification and insurance of officers and auditors

No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or auditor of Avoca District Co-operative Limited. 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 co-operative

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.

Avoca District Co-operative Limited

ABN: 82 022 501 598

Directors' Report

30 June 2012

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2012 has been received and can be found on page 6 of the financial report.

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

Director:

Mr Hayden Charles Pilgrim

Director:

Mr Anthony F. O'Shea

Dated

12th November, 2012

Avoca District Co-operative Limited

ABN: 82 022 501 598

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Avoca District Co-operative Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012, 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.

Prowse Perrin & Twomey
20 Lydiard Street South
BALLARAT VIC 3350



.....
Jason D Hargreaves
Partner

Dated 2 November 2012

Avoca District Co-operative Limited

ABN: 82 022 501 598

Statement of Comprehensive Income
For the Year Ended 30 June 2012

		2012	2011
	Note	\$	\$
Revenue	2	1,218,772	1,238,093
Administration		(172,467)	(212,002)
Depreciation and amortisation		(66,699)	(40,168)
Employment and staffing costs		(608,382)	(608,238)
Finance costs		(18,445)	(17,364)
Information technology costs		(43,727)	(47,167)
Service delivery costs		(42,245)	(32,025)
Occupancy costs		(69,160)	(63,167)
Motor vehicle operating costs		(11,802)	(8,980)
Operating profit before income tax		185,845	208,982
Income tax expense	4	(59,619)	(66,147)
Operating profit for the year attributable to members		126,226	142,835
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		126,226	142,835

The accompanying notes form part of these financial statements.

Avoca District Co-operative Limited

ABN: 82 022 501 598

Statement of Financial Position**As At 30 June 2012**

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8(a)	291,335	291,124
Trade and other receivables	9	120,817	107,989
Other assets	10	3,971	4,580
TOTAL CURRENT ASSETS		416,123	403,693
NON-CURRENT ASSETS			
Financial assets	11	10	10
Property, plant and equipment	12	368,771	312,963
Intangible assets	13	77,653	36,898
Deferred tax assets	16(a)	13,757	11,049
TOTAL NON-CURRENT ASSETS		460,191	360,920
TOTAL ASSETS		876,314	764,613
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	68,138	54,659
Borrowings	15	11,297	7,459
Current tax liabilities	16(b)	41,399	60,095
Short-term provisions	17	4,353	3,301
Employee entitlements	18	43,635	39,309
TOTAL CURRENT LIABILITIES		168,822	164,823
NON-CURRENT LIABILITIES			
Borrowings	15	241,952	228,693
Employee entitlements	18	5,404	3,568
TOTAL NON-CURRENT LIABILITIES		247,356	232,261
TOTAL LIABILITIES		416,178	397,084
NET ASSETS		460,136	367,529
EQUITY			
Issued capital	19	358,592	224,120
Retained earnings		101,544	143,409
TOTAL EQUITY		460,136	367,529

The accompanying notes form part of these financial statements.

Avoca District Co-operative Limited

ABN: 82 022 501 598

Statement of Changes in Equity
For the Year Ended 30 June 2012**2012**

	Contributed Equity	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2011	224,120	143,409	367,529
Total comprehensive income for the year	-	126,226	126,226
Bonus shares issued	134,472	(134,472)	-
Dividends paid or provided for	7 -	(33,619)	(33,619)
Balance at 30 June 2012	358,592	101,544	460,136

2011

	Contributed Equity	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2010	233,620	21,554	255,174
Total comprehensive income for the year	-	142,835	142,835
Shares bought back during the year	(9,500)	-	(9,500)
Dividends paid or provided for	7 -	(20,980)	(20,980)
Balance at 30 June 2011	224,120	143,409	367,529

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2012

	2012	2011
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,312,259	1,348,389
Payments to suppliers and employees	(1,048,744)	(1,089,575)
Interest received	14,395	3,037
Finance costs	(18,445)	(17,364)
Income tax paid	(81,023)	(22,189)
Net cash provided by (used in) operating activities	8(b) 178,442	222,298
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	9,091
Payments for property, plant and equipment	(93,940)	(78,175)
Payments for intangibles	(69,322)	-
Net cash used by investing activities	(163,262)	(69,084)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	26,500	40,504
Payments for shares bought back	-	(9,000)
Repayment of borrowings	(9,403)	(17,643)
Dividends paid	(32,066)	(19,946)
Net cash used by financing activities	(14,969)	(6,085)
Net increase (decrease) in cash and cash equivalents held	211	147,129
Cash and cash equivalents at beginning of year	291,124	143,995
Cash and cash equivalents at end of financial year	8(a) 291,335	291,124

Notes to the Financial Statements

For the Year Ended 30 June 2012

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

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements 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 (Vic).

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

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets.

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated over the asset's useful life to the Co-operative commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Furniture, Fixtures and Fittings	5-40%
Motor Vehicles	25%
Computer Equipment and Software	25-40%
Leasehold improvements	2.5-40%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies continued

(c) Property, plant and equipment continued

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(d) Impairment of non-financial assets

At the end of each reporting period, the Co-operative assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(e) Intangibles

Franchise fees are measured at cost less amortisation and impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g) Employee entitlements

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

(h) Provisions

Provisions are recognised when the Co-operative has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies continued

(i) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

(j) Revenue and other income

The Co-operative recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Avoca District Co-operative Limited's activities.

Revenue from profit share is recognised when the income is earned and can be reliably measured. Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

(k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the Financial Statements
For the Year Ended 30 June 2012**2 Revenue and Other Income**

	2012	2011
	\$	\$
Commission income	1,107,102	1,049,048
Market development income	100,000	181,473
Interest received	11,670	7,572
	<u>1,218,772</u>	<u>1,238,093</u>

Market development income for 2011 includes income received relating to prior year totalling \$90,150.

3 Result for the Year

The operating result for the year is after allowing for the following specific expenses:

Interest expense	18,445	17,364
	<u>18,445</u>	<u>17,364</u>
Depreciation and amortisation of non-current assets:		
- Buildings	2,722	3,003
- Plant and equipment	17,453	11,026
- Motor vehicles	11,351	6,337
- Leasehold improvements	6,606	7,908
- Intangibles	28,567	10,096
	<u>66,699</u>	<u>38,370</u>
Bad debts	1,388	365
	<u>1,388</u>	<u>365</u>
Rental expense on operating leases	53,187	55,412
	<u>53,187</u>	<u>55,412</u>
Sponsorship of Community Enterprise Foundation	10,000	68,182
	<u>10,000</u>	<u>68,182</u>

Notes to the Financial Statements

For the Year Ended 30 June 2012

4 Income Tax Expense

(a) The components of tax expense comprise:

	2012	2011
	\$	\$
Current tax	64,349	64,847
Deferred tax	(2,708)	1,300
Under/(over) provision in respect of prior years	(2,022)	-
	<u>59,619</u>	<u>66,147</u>

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)

Add:

Tax effect of:

- non-deductible depreciation and amortisation
- other non-allowable items

Less:

Under/(over) provision in respect of prior years

Income tax expense

	55,753	62,695
	<u>5,805</u>	<u>3,452</u>
	<u>83</u>	<u>-</u>
	<u>(2,022)</u>	<u>-</u>
	<u>59,619</u>	<u>66,147</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 (2011: \$5,200) paid to Anthony F. O'Shea as an honorarium for his efforts as secretary of the Co-operative.

(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 parties.

6 Auditors' Remuneration

Remuneration of the auditors of the co-operative, Prowse Perrin & Twomey, for:

- auditing or reviewing the financial statements - current year
- auditing or reviewing the financial statements - prior year under accrual
- accounting, consulting and taxation services

	2,900	2,800
	-	125
	<u>14,000</u>	<u>15,570</u>
	<u>16,900</u>	<u>18,495</u>

Notes to the Financial Statements

For the Year Ended 30 June 2012

7 Dividends

Final franked ordinary dividends of \$3.00 (2011: \$1.80) per share were paid or provided for during the year

2012	2011
\$	\$
33,619	20,980
33,619	20,980

8 Cash and Cash Equivalents

(a) Cash and cash equivalents

Cash at bank	132,607	38,099
Short-term bank deposits	158,728	253,025
	291,335	291,124

(b) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

Operating profit from ordinary activities	185,845	208,983
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	66,699	38,370
- net loss on disposal of property, plant and equipment	-	1,798
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(12,828)	(7,172)
- (increase)/decrease in other assets	(223)	(226)
- (increase)/decrease in prepayments	832	(955)
- increase/(decrease) in trade and other payables	12,978	336
- increase/(decrease) in income taxes payable	(81,024)	(23,074)
- increase/(decrease) in employee benefits	6,163	4,238
Cashflow from operations	178,442	222,298

9 Trade and Other Receivables

Trade receivables	119,007	103,454
Accrued income	1,810	4,535
	120,817	107,989

10 Other Assets

Prepayments	3,451	4,283
Borrowing costs	520	297
	3,971	4,580

Notes to the Financial Statements

For the Year Ended 30 June 2012

11 Other Financial Assets

	2012	2011
	\$	\$
Shares in other Co-operatives	10	10
	<u>10</u>	<u>10</u>

12 Property, Plant and Equipment

Land and buildings		
At cost	184,134	121,638
Accumulated depreciation	(9,928)	(7,206)
	<u>174,206</u>	<u>114,432</u>
Furniture, fixture and fittings		
At cost	170,783	163,522
Accumulated depreciation	(108,705)	(91,252)
	<u>62,078</u>	<u>72,270</u>
Motor vehicles		
At cost	60,587	36,404
Accumulated depreciation	(16,263)	(4,912)
	<u>44,324</u>	<u>31,492</u>
Leasehold improvements		
At cost	135,459	135,459
Accumulated depreciation	(47,296)	(40,690)
	<u>88,163</u>	<u>94,769</u>
Total property, plant and equipment	<u>368,771</u>	<u>312,963</u>

(a) Movements in Carrying Amounts

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

	Land and buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Balance at the beginning of the year	114,432	72,270	31,492	94,769	312,963
Additions	62,496	7,261	24,183	-	93,940
Depreciation expense	(2,722)	(17,453)	(11,351)	(6,606)	(38,132)
Balance at 30 June 2012	<u>174,206</u>	<u>62,078</u>	<u>44,324</u>	<u>88,163</u>	<u>368,771</u>

Notes to the Financial Statements

For the Year Ended 30 June 2012

13 Intangible Assets

	2012	2011
	\$	\$
Licenses and franchises		
At cost	170,799	101,477
Accumulated amortisation and impairment	(93,146)	(64,579)
Total Intangibles	77,653	36,898

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year:

	Licenses and franchises	Total
	\$	\$
Balance at the beginning of the year	36,898	36,898
Additions	69,322	69,322
Amortisation	(28,567)	(28,567)
Balance at 30 June 2012	77,653	77,653

14 Trade and Other Payables

	2012	2011
	\$	\$
Unsecured liabilities		
Trade payables	64,948	51,579
Accrued expenses	3,190	3,080
	68,138	54,659

15 Borrowings

CURRENT

Secured liabilities:

Motor vehicle finance	11,297	7,459
	11,297	7,459

NON-CURRENT

Secured liabilities:

Motor vehicle finance	41,952	28,693
Bank loans	200,000	200,000
	241,952	228,693
Total borrowings	253,249	236,152

Notes to the Financial Statements

For the Year Ended 30 June 2012

16 Tax

(a) Assets

NON-CURRENT

Deferred tax assets comprise:

Accrued expenses

Provisions

Accrued income

Prepaid expenses

Other

2012

\$

2011

\$

870

840

14,712

12,863

(543)

(1,361)

(1,129)

(1,284)

(153)

(9)

13,757

11,049

(b) Liabilities

CURRENT

Income tax

41,399

60,095

41,399

60,095

17 Provisions

Provision for dividends

4,353

3,301

4,353

3,301

18 Employee Benefits

CURRENT

Provision for employee entitlements

43,635

39,309

NON-CURRENT

Provision for employee entitlements

5,404

3,568

49,039

42,877

Notes to the Financial Statements

For the Year Ended 30 June 2012

19 Issued Capital

	2012	2011
	\$	\$
17,930 (2011: 11,206) ordinary shares issued at \$20.00 each	358,592	224,120
	<u>358,592</u>	<u>224,120</u>

Fully paid ordinary shares

	2012	2011
	No.	No.
At the beginning of the reporting period	11,206	11,681
Bonus shares issued during the year	6,724	-
Shares bought back during the year	-	(475)
At the end of the reporting period	<u>17,930</u>	<u>11,206</u>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Co-operative in proportion to the number of shares held. At shareholders meetings of the Co-operative, each member has one vote in person regardless of the number of shares held.

20 Lease Commitments

The following non-cancellable operating leases have been contracted for but not capitalised in the financial statements:

	2012	2011
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	30,404	29,375
- between 1 year and 5 years	50,347	80,068
	<u>80,751</u>	<u>109,443</u>

Operating leases have been taken out for branch premises in Avoca and Maryborough. Lease payments are increased on an annual basis in line with the consumer price index. 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 was exercised for a term of 5 years commencing on 1 November 2011 with an option for 1 additional term of 5 years.

21 Segment Reporting

The economic entity operates community bank branches of the Bendigo Bank Ltd in the Avoca and Maryborough districts together with an agency of the Bendigo Bank Ltd in the St Arnaud district.

22 Economic Dependency

The normal trading activities of the Co-operative (which undertakes the branch activities of the Bendigo Bank in the Avoca and Maryborough districts) rely on the franchise contracts with the Bendigo Bank Group.

Notes to the Financial Statements

For the Year Ended 30 June 2012

23 Financial Risk Management

(a) Interest Rate Risk

The Co-operative's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	%	%	\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash at bank	0.02	0.01	132,607	38,099	-	-	132,607	38,099
Short term bank deposits	5.75	5.95	-	-	158,728	253,025	158,728	253,025
Total Financial Assets			132,607	38,099	158,728	253,025	291,335	291,124
Financial Liabilities:								
Bank loans	7.49	7.68	200,000	200,000	-	-	200,000	200,000
Motor vehicle finance	7.84	7.72	-	-	53,249	36,141	53,249	36,141
Total Financial Liabilities			200,000	200,000	53,249	36,141	253,249	236,141

Notes to the Financial Statements

For the Year Ended 30 June 2012

23 Financial Risk Management 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) Liquidity risk

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

(d) Net Fair Values

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

	2012		2011	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	291,335	291,335	291,124	291,124
Trade and other receivables	120,817	120,817	107,989	107,989
Total financial assets	412,152	412,152	399,113	399,113
Financial liabilities				
Trade and other payables	68,138	68,138	54,659	54,659
Loans and other borrowings	253,249	253,249	236,151	236,151
Total financial liabilities	321,387	321,387	290,810	290,810

24 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Co-operative did not have any contingent assets or liabilities at 30 June 2012 or 30 June 2011.

Avoca District Co-operative Limited

ABN: 82 022 501 598

Notes to the Financial Statements

For the Year Ended 30 June 2012

25 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.

The following transactions occurred with related parties (excluding GST):

	2012	2011
	\$	\$
Premises were leased in Maryborough from director, Mr Hayden C. Pilgrim and Mrs M. A. Pilgrim	15,562	15,026
Motor vehicle fuel was purchased from director, Mr D. Lloyd Gollop (Gollops Garage)	1,984	2,042

26 Co-operative Details

The registered office of the Co-operative is:

Avoca District Co-operative Limited
30-36 Boyce Street
Avoca Victoria

Avoca District Co-operative Limited

ABN: 82 022 501 598

Directors' Declaration

The directors of the Co-operative declare that:

1. The financial statements and notes, as set out on pages 7 to 23, are in accordance with the *Corporations Act 2001* and:

a. comply with Accounting Standards - Reduced Disclosure Requirement; and

b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the Co-operative.

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 Pilgrim

Director
Mr Anthony F. O'Shea

Dated

12th November, 2012.

Independent Audit Report to the members of Avoca District Co-operative Limited

Report on the Financial Report

We have audited the accompanying financial report of Avoca District Co-operative Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Co-operative are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 Co-operative's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Avoca District Co-operative Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Avoca District Co-operative Limited

ABN: 82 022 501 598

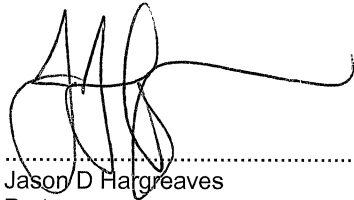
Independent Audit Report to the members of Avoca District Co-operative Limited

Opinion

In our opinion the financial report of Avoca District Co-operative Limited 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 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Prowse Perrin & Twomey
Certified Practising Accountants
20 Lydiard Street South
Ballarat VIC 3350



.....
Jason D Hargreaves
Partner

Dated 14th NOVEMBER 2012