

Avoca District Co-operative Limited

ABN: 82 022 501 598

Financial Statements

For the Year Ended 30 June 2015

Avoca District Co-operative Limited

ABN: 82 022 501 598

Contents

30 June 2015

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Avoca District Co-operative Limited

ABN: 82 022 501 598

Directors' Report

30 June 2015

Your directors present their report on Avoca District Co-operative Limited for the financial year ended 30 June 2015.

Information on directors

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

Maria Smith

Qualifications & Experience	Business Owner
Interest in shares and options	Owner of 10 shares
Special responsibilities	Chairperson

D. Lloyd Gollop

Qualifications & Experience	Garage Proprietor
Interest in shares and options	Owner of 300 shares
Special responsibilities	Deputy Chairperson

Kate Ashton

	Appointed as a director on 23 April 2015
Qualifications & Experience	Real Estate Agent
Interest in shares and options	Owner of 10 shares

Ken Field

Qualifications & Experience	Retired Teacher
Interest in shares and options	Owner of 116 shares (held jointly)

Naomi Medlyn

	Elected as a director on 27 November 2014
Qualifications & Experience	CPA, public accountant and farmer
Interest in shares and options	Owner of 10 shares

Lauren Mitchell

Qualifications & Experience	Conveyance Clerk
Interest in shares and options	Owner of 20 shares

Anthony F. O'Shea

Qualifications & Experience	Co-operative Director Manager
Interest in shares and options	Owner of 20 shares

Hayden Charles Pilgrim

	Retired as a director on 17 July 2014
Qualifications & Experience	Retired School Principal
Interest in shares and options	Owner of 200 shares (held jointly)

Graeme J. Porter

Qualifications & Experience	Master Builder
Interest in shares and options	Owner of 258 shares

Nathan Porter

Qualifications & Experience	Diesel Mechanic
Interest in shares and options	Owner of 10 shares

Avoca District Co-operative Limited

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Directors' Report

30 June 2015

Information on directors continued

Vincent J. Scully Retired as a director on 27 November 2014
Qualifications & Experience Vigneron
Interest in shares and options Owner of 50 shares

Barry David Slater Retired as a director on 27 November 2014
Qualifications & Experience Business Proprietor
Interest in shares and options Owner of 270 shares

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

Principal activities

The principal activities 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 & Adelaide Bank Limited, by way of management contracts with Bendigo & Adelaide Bank Limited and franchise agreements with a subsidiary company of the Bendigo & Adelaide Bank Limited and to manage the operation of the Bank's agency in St Arnaud.

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 \$39,268 (2014: \$80,854).

A review of the results of the operations of the Co-operative during the financial year shows that both turnover and profitability have declined compared to the prior year. The decline in turnover is largely due to difficulty in recruiting suitable managers which has resulted in the unfortunate situation of an unrealistic workload falling to one manager. Though a commendable effort was put in, this affected the ability to manage existing customers whilst generating new business and in turn decreased profitability. The other major contributing factor is the current low interest rate environment impacting commission margins received. Though directors and staff have made efforts during the year to decrease non-essential expenses and promote the business, the decrease in profitability was unable to be avoided.

Looking forward, every effort is being made to mitigate the above factors, including the successful hiring of a new branch manager for Avoca since the end of the financial year. Though it is likely that the difficult trading environment will continue into the 2016 financial year and beyond, indications so far are very positive across the board.

Dividends and bonuses paid or recommended

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

- An 8% fully franked dividend was paid during the year as recommended in last year's report.
- A 5% fully franked dividend is recommended for payment out of retained earnings available at the time of declaration of the dividends.
- No transaction based bonus was paid during the year.
- No transaction based bonus is recommended for payment in relation to the year ended 30 June 2015.

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.

Avoca District Co-operative Limited

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Directors' Report

30 June 2015

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.

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
Maria Smith	11	7
D. Lloyd Gollop	11	11
Kate Ashton	3	3
Ken Field	11	8
Naomi Medlyn	11	8
Lauren Mitchell	11	9
Anthony F. O'Shea	11	8
Hayden Charles Pilgrim	1	1
Greame J. Porter	11	10
Nathan Porter	11	8
Vincent J. Scully	5	5
Barry David Slater	5	3

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.

Avoca District Co-operative Limited

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Directors' Report

30 June 2015

Proceedings on behalf of co-operative

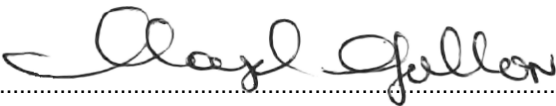
No person has applied for leave of court to bring proceedings on behalf of the Co-operative or intervene in any proceedings to which the Co-operative is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings.

The Co-operative was not a party to any such proceedings during the year.

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 2015 has been received and can be found on page 5 of the financial report.

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

Director: 

D. Lloyd Gollop

Director: 

Anthony F. O'Shea

Dated 2 November 2015

Avoca District Co-operative Limited

ABN: 82 022 501 598

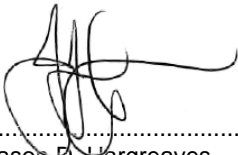
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Avoca District Co-operative Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, 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.

PPT Audit Pty Ltd

.....
PPT Audit Pty Ltd



.....
Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat, VIC, 3350

Dated 2 November 2015

Avoca District Co-operative Limited

ABN: 82 022 501 598

**Statement of Comprehensive Income
For the Year Ended 30 June 2015**

		2015	2014
	Note	\$	\$
Revenue	2	1,170,218	1,223,859
Administration		(96,930)	(106,215)
Advertising, marketing and sponsorship	5	(80,626)	(128,681)
Depreciation and amortisation		(40,830)	(42,176)
Employment and staffing costs		(710,136)	(641,925)
Finance costs		(15,245)	(16,463)
Information technology costs		(41,677)	(43,064)
Service delivery costs		(52,998)	(47,956)
Occupancy costs		(68,303)	(71,927)
Motor vehicle operating costs		(6,770)	(9,341)
Operating profit before income tax		56,703	116,111
Income tax expense	4	(17,435)	(35,257)
Operating profit for the year attributable to members		39,268	80,854
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		39,268	80,854

The accompanying notes form part of these financial statements.

Avoca District Co-operative Limited

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Statement of Financial Position**As At 30 June 2015**

	2015	2014
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	9(a) 375,278	389,449
Trade and other receivables	10 127,704	108,824
Other assets	11 5,218	5,572
TOTAL CURRENT ASSETS	508,200	503,845
NON-CURRENT ASSETS		
Financial assets	12 -	10
Property, plant and equipment	13 305,221	320,142
Intangible assets	14 53,300	46,475
Deferred tax assets	17(a) 18,261	14,530
TOTAL NON-CURRENT ASSETS	376,782	381,157
TOTAL ASSETS	884,982	885,002
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	15 60,611	58,555
Borrowings	16 4,021	15,673
Current tax liabilities	17(b) 12,632	8,981
Short-term provisions	18 -	235
Provision for employee entitlements	19 57,653	44,457
TOTAL CURRENT LIABILITIES	134,917	127,901
NON-CURRENT LIABILITIES		
Borrowings	16 210,072	214,093
Provision for employee entitlements	19 6,738	9,338
TOTAL NON-CURRENT LIABILITIES	216,810	223,431
TOTAL LIABILITIES	351,727	351,332
NET ASSETS	533,255	533,670
EQUITY		
Issued capital	20 436,640	441,040
Retained earnings	96,615	92,630
TOTAL EQUITY	533,255	533,670

The accompanying notes form part of these financial statements.

Avoca District Co-operative Limited

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Statement of Changes in Equity For the Year Ended 30 June 2015

2015

	Contributed equity	Retained earnings	Total
Note	\$	\$	\$
Balance at 1 July 2014	441,040	92,630	533,670
Profit or loss attributable to members of the parent entity	-	39,268	39,268
Dividends provided for or paid	8(a) -	(35,283)	(35,283)
Shares issued	400	-	400
Shares bought back during the year	(4,800)	-	(4,800)
Balance at 30 June 2015	436,640	96,615	533,255

2014

	Contributed equity	Retained earnings	Total
Note	\$	\$	\$
Balance at 1 July 2013	441,440	47,059	488,499
Total comprehensive income for the year	-	80,854	80,854
Dividends provided for or paid	8(a) -	(35,283)	(35,283)
Shares bought back during the year	(400)	-	(400)
Balance at 30 June 2014	441,040	92,630	533,670

The accompanying notes form part of these financial statements.

Avoca District Co-operative Limited

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Statement of Cash Flows
For the Year Ended 30 June 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,267,378	1,340,145
Payments to suppliers and employees	(1,171,987)	(1,169,535)
Interest received	9,841	10,377
Finance costs	(13,742)	(16,463)
Income tax paid	(17,514)	(8,990)
Net cash provided by operating activities	9(b) <u>73,976</u>	<u>155,534</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(6,346)	(5,744)
Payments for intangible assets	(26,388)	(14,753)
Net cash used in investing activities	<u>(32,734)</u>	<u>(20,497)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	400	-
Payments for shares bought back	(4,800)	(400)
Repayment of borrowing	(15,673)	(12,186)
Dividends paid	(35,340)	(39,223)
Net cash used in financing activities	<u>(55,413)</u>	<u>(51,809)</u>
Net increase (decrease) in cash and cash equivalents held	(14,171)	83,228
Cash and cash equivalents at beginning of year	<u>389,449</u>	<u>306,221</u>
Cash and cash equivalents at end of financial year	9(a) <u><u>375,278</u></u>	<u><u>389,449</u></u>

The accompanying notes form part of these financial statements.

Avoca District Co-operative Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2015

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 - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the requirements of the Corporations Act 2001 and the Co-operatives National Law. The Co-operative is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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, except for the cash flow information, 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.

The financial statements were authorised for issue on 2 November 2015 by the Directors of the Co-operative.

(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. 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	25-30%
Computer Equipment and Software	25-50%
Leasehold improvements	2.5-40%

Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

(c) Property, plant and equipment continued

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

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) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Co-operative commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

(d) Financial instruments continued

The Co-operative does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Co-operative's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Co-operative sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be sold within 12 months after the end of the reporting period.

Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

(d) Financial instruments continued

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Co-operative has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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 2015

1 Summary of Significant Accounting Policies continued

(j) 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.

(k) 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.

(l) 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.

Avoca District Co-operative Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Revenue and Other Income

	2015	2014
	\$	\$
Commission income	1,060,586	1,109,405
Market development income	100,000	100,000
Interest received	9,455	9,944
Other revenue	177	4,510
	<u>1,170,218</u>	<u>1,223,859</u>

3 Result for the Year

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

Interest expense	<u>15,245</u>	<u>16,463</u>
Depreciation and amortisation of non-current assets:		
- Buildings	2,172	2,315
- Furniture, Fixtures & Fittings	9,257	11,046
- Motor vehicles	6,235	8,320
- Leasehold improvements	3,603	3,992
- Intangibles	19,563	16,503
	<u>40,830</u>	<u>42,176</u>
Rental expense on operating leases	<u>52,016</u>	<u>46,663</u>

4 Income Tax Expense

(a) The components of tax expense comprise:

Current tax	21,167	35,125
Deferred tax	(3,732)	132
	<u>17,435</u>	<u>35,257</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% (2014: 30%)	17,011	34,833
Add tax effect of non-deductible depreciation and amortisation	424	424
Income tax expense	<u>17,435</u>	<u>35,257</u>

Avoca District Co-operative Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2015

5 Advertising, marketing and sponsorship

	2015	2014
	\$	\$
Sponsorship & Community Contributions		
Avoca Country Golf Club	1,000	-
Avoca Fire Brigade	-	1,500
Avoca Football Club	1,000	2,700
Avoca Health Services	-	10,000
Avoca Shire Turf Club	2,500	10,446
Central Goldfields Shire	-	2,000
Community Enterprise Foundation	-	26,315
Get up and go program	2,000	-
Majorca Town Hall	-	4,000
Maryborough Harness Racing Club	5,000	5,000
Maryborough & Castlemaine Football Netball League	8,500	13,500
Maryborough Highland Society	8,250	7,500
Maryborough & District Cricket Association	1,700	-
Maryborough & District Health Services	2,000	1,000
Pyrenees Shire	5,000	10,000
Right Choices Program	4,000	4,000
Salvation Army	-	2,000
St Arnaud Turf Club	500	3,182
St Arnaud Harness Racing Club	2,000	2,000
Talbot Farmers Market	500	-
Other Sponsorships	4,685	8,164
	<hr/>	<hr/>
	48,635	113,307
Advertising & Marketing	31,991	15,374
	<hr/>	<hr/>
Total	80,626	128,681

6 Remuneration and retirement benefits

The totals of remuneration paid to the key management personnel of Avoca District Co-operative Limited during the year are as follows:

(a) Remuneration of Directors

No remuneration was received or receivable by the directors of the Co-operative during the year.

(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.

Avoca District Co-operative Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2015

7 Auditors' Remuneration

	2015	2014
	\$	\$
Remuneration of the auditors of the Co-operative, PPT Audit Pty Ltd, for:		
- auditing the financial statements	3,250	3,100
- accounting, consulting and taxation services	16,410	15,090
	<u>19,660</u>	<u>18,190</u>

8 Dividends

(a) Dividends and distributions paid		
Final franked ordinary dividends of \$1.60 (2014: \$1.60) per share were paid or provided for during the year	<u>35,283</u>	35,283
	<u>35,283</u>	<u>35,283</u>
(b) Franking account		
The franking credits available for subsequent financial years at a tax rate of 30%	<u>224,371</u>	218,060

The above available balance is based on the dividend franking account at year-end adjusted for franking credits that will arise from the payment of the current tax liabilities and franking debits that will arise from the payment of dividends recognised as a liability at the year end.

The ability to use the franking credits is dependent upon the entity's future ability to declare dividends.

Avoca District Co-operative Limited

ABN: 82 022 501 598

Notes to the Financial Statements

For the Year Ended 30 June 2015

9 Cash and Cash Equivalents

(a) Cash and cash equivalents

	2015	2014
	\$	\$
Cash at bank	88,729	112,333
Short-term bank deposits	286,549	277,116
	<u>375,278</u>	<u>389,449</u>

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

Operating profit from ordinary activities	39,268	80,854
Non-cash flows in profit:		
- depreciation and amortisation	40,830	42,176
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(17,129)	5,242
- (increase)/decrease in other assets	130	130
- (increase)/decrease in prepayments	224	(238)
- (increase)/decrease in investments	10	-
- increase/(decrease) in trade and other payables	127	2,099
- increase/(decrease) in income taxes payable	(80)	26,267
- increase/(decrease) in employee benefits	10,596	(996)
Cashflow from operations	<u>73,976</u>	<u>155,534</u>

10 Trade and Other Receivables

Trade receivables	125,500	106,234
Accrued income	2,204	2,590
	<u>127,704</u>	<u>108,824</u>

11 Other Assets

Prepayments	5,088	5,312
Borrowing costs	130	260
	<u>5,218</u>	<u>5,572</u>

12 Other Financial Assets

Shares in other Co-operatives	-	10
	<u>-</u>	<u>10</u>

Notes to the Financial Statements

For the Year Ended 30 June 2015

13 Property, Plant and Equipment

	2015	2014
	\$	\$
Land and buildings		
At cost	184,134	184,134
Accumulated depreciation	<u>(16,909)</u>	<u>(14,737)</u>
	<u>167,225</u>	<u>169,397</u>
Furniture, fixtures and fittings		
At cost	185,058	178,712
Accumulated depreciation	<u>(143,166)</u>	<u>(133,909)</u>
	<u>41,892</u>	<u>44,803</u>
Motor vehicles		
At cost	60,587	60,587
Accumulated depreciation	<u>(41,920)</u>	<u>(35,685)</u>
	<u>18,667</u>	<u>24,902</u>
Leasehold improvements		
At cost	137,010	137,010
Accumulated depreciation	<u>(59,573)</u>	<u>(55,970)</u>
	<u>77,437</u>	<u>81,040</u>
Total property, plant and equipment	<u><u>305,221</u></u>	<u><u>320,142</u></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	169,397	44,803	24,902	81,040	320,142
Additions	-	6,346	-	-	6,346
Depreciation expense	<u>(2,172)</u>	<u>(9,257)</u>	<u>(6,235)</u>	<u>(3,603)</u>	<u>(21,267)</u>
Balance at 30 June 2015	<u>167,225</u>	<u>41,892</u>	<u>18,667</u>	<u>77,437</u>	<u>305,221</u>

Avoca District Co-operative Limited

ABN: 82 022 501 598

Notes to the Financial Statements

For the Year Ended 30 June 2015

14 Intangible Assets

	2015	2014
	\$	\$
Licences and franchises		
At cost	211,940	185,552
Accumulated amortisation and impairment	(158,640)	(139,077)
Total Intangibles	53,300	46,475

(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:

	Licences and franchises	Total
	\$	\$
Balance at the beginning of the year	46,475	46,475
Additions	26,388	26,388
Amortisation	(19,563)	(19,563)
Balance at 30 June 2015	53,300	53,300

15 Trade and Other Payables

	2015	2014
	\$	\$
Unsecured liabilities		
Trade payables	36,977	39,625
Accrued expenses	3,250	3,100
GST payable	19,908	15,826
Superannuation payable	476	4
	60,611	58,555

Avoca District Co-operative Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2015

16 Borrowings

	2015	2014
	\$	\$
CURRENT		
Secured liabilities:		
Motor vehicle finance	4,021	15,673
	<u>4,021</u>	<u>15,673</u>
NON-CURRENT		
Secured liabilities:		
Motor vehicle finance	10,072	14,093
Unsecured liabilities:		
Bank loan	200,000	200,000
	<u>210,072</u>	<u>214,093</u>
Total borrowings	<u><u>214,093</u></u>	<u><u>229,766</u></u>

The Bendigo & Adelaide Bank Limited holds registered commercial chattel mortgages over the motor vehicles owned by the Co-operative as security for the motor vehicle finance.

17 Tax

(a) Tax Assets		
NON-CURRENT		
Deferred tax assets comprise:		
Accrued expenses	1,118	932
Provisions	19,317	16,139
Accrued income	(661)	(777)
Prepaid expenses	(1,527)	(1,674)
Other	14	(90)
	<u>18,261</u>	<u>14,530</u>
(b) Tax Liabilities		
CURRENT		
Income tax payable	12,632	8,981
	<u>12,632</u>	<u>8,981</u>

Avoca District Co-operative Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2015

18 Provisions

	2015	2014
	\$	\$
Provision for dividends	-	235
	<u>-</u>	<u>235</u>

19 Employee Benefits

CURRENT		
Provision for employee entitlements	57,653	44,457
NON-CURRENT		
Provision for employee entitlements	6,738	9,338
	<u>64,391</u>	<u>53,795</u>

20 Issued Capital

21,832 (2014: 22,052) ordinary shares issued at \$20.00 each	436,640	441,040
	<u>436,640</u>	<u>441,040</u>

Fully paid ordinary shares

	No.	No.
At the beginning of the reporting period	22,052	22,072
Shares issued during the year	20	-
Shares bought back during the year	(240)	(20)
At the end of the reporting period	<u>21,832</u>	<u>22,052</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.

Avoca District Co-operative Limited

ABN: 82 022 501 598

Notes to the Financial Statements

For the Year Ended 30 June 2015

21 Lease Commitments

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

	2015	2014
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	31,744	30,971
- between 1 year and 5 years	56,534	75,772
	<u>88,278</u>	<u>106,743</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 option under the existing lease for the Avoca branch premises was exercised for a term of 5 years effective from 1 February 2014. The option under the existing lease for the Maryborough branch premises was exercised for a term of 5 years effective from 1 November 2011 with an option for 1 additional term of 5 years.

22 Segment Reporting

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

23 Economic Dependency

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

24 Financial Risk Management

The main risks the Co-operative is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

The Co-operative's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and bank loans.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2015	2014
	\$	\$
Financial Assets		
Cash and cash equivalents	375,278	389,449
Loans and receivables	127,704	108,824
Total financial assets	<u>502,982</u>	<u>498,273</u>
Financial Liabilities		
Borrowings	214,093	229,766
Trade and other payables	60,611	58,555
Total financial liabilities	<u>274,704</u>	<u>288,321</u>

Avoca District Co-operative Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2015

25 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 2015.

26 Related Party Transactions

Related Parties

The Co-operative's main related parties are as follows:

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 6: Key Management Personnel Compensation.

Transactions with related parties

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):

	2015	2014
	\$	\$
Premises were leased in Maryborough from director, Mr Hayden C. Pilgrim and Mrs M. A. Pilgrim	16,050	15,719
Motor vehicle repairs were received from director, Mr D. Lloyd Gollop (Gollops Garage)	1,042	-
Building services were received from director, Mr G. J. Porter and Mrs S. E. Porter	-	1,551

27 Co-operative Details

The registered office of the Co-operative is:

Avoca District Co-operative Limited
125a High Street
Avoca Victoria 3467

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 6 to 24, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2015 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
D. Lloyd Gollop

Director
Anthony F. O'Shea

Dated 2 November 2015

Avoca District Co-operative Limited

ABN: 82 022 501 598

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

We have audited the accompanying financial report of Avoca District Co-operative Limited, which comprises the statement of financial position as at 30 June 2015, 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 - Reduced Disclosure Requirements 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

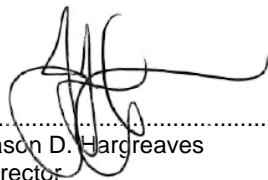
Opinion

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 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

PPT Audit Pty Ltd

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PPT Audit Pty Ltd



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Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat, VIC 3350

Dated 3 November 2015