

Avoca District Co-operative Limited

ABN: 82 022 501 598

Financial Statements

For the Year Ended 30 June 2016

Avoca District Co-operative Limited

ABN: 82 022 501 598

Contents

30 June 2016

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Avoca District Co-operative Limited

ABN: 82 022 501 598

Directors' Report

30 June 2016

Your directors present their report on Avoca District Co-operative Limited for the financial year ended 30 June 2016.

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

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

Qualifications & Experience	CPA, public accountant and farmer
Interest in shares and options	Owner of 10 shares

Lauren Mitchell

Qualifications & Experience	Retired as a director 5 July 2016 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

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

Donna Wardlaw

Qualifications & Experience	Appointed as a director 26 November 2015 Graphic Designer
Interest in shares and options	Owner of 20 shares

Avoca District Co-operative Limited

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Directors' Report

30 June 2016

Information on directors continued

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 \$95,275 (2015: \$39,268).

A review of the results of the operations of the Co-operative during the financial year indicates that, despite the continuing difficult trading environment in the banking sector, there has been an improvement in the Co-operatives profitability with both branches exceeding budget and some growth in business overall. The growth is partly attributable to the more efficient deployment of staff, allowing for enhanced service levels throughout Avoca, Maryborough and St Arnaud districts.

The prospects for growth in St Arnaud were improved with the closure of the Westpac Bank agency in March 2016 and the more recent reduction in hours of operation of the National Australia Bank branch. To assist the agency operators to capitalise on these factors the Co-operative has undertaken a major upgrade of the premises and facilities at St Arnaud. The St Arnaud agency now resembles a branch with a meeting room and is one of the first agencies to promote the Rural Bank arm of the business. There has been a significant increase in business since the completion of the agency upgrade and the directors are confident that this trend will continue.

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 5% fully franked dividend was paid during the year as recommended in last year's report.
- A 6% fully franked dividend is recommended for payment out of retained earnings in relation to the year ended 30 June 2016.
- 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 2016.

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 2016

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	8
D. Lloyd Gollop	11	10
Kate Ashton	11	6
Ken Field	11	11
Naomi Medlyn	11	7
Lauren Mitchell	11	7
Anthony F. O'Shea	11	11
Greame J. Porter	11	11
Nathan Porter	11	8
Donna Wardlaw	5	4

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 2016

Proceedings on behalf of co-operative

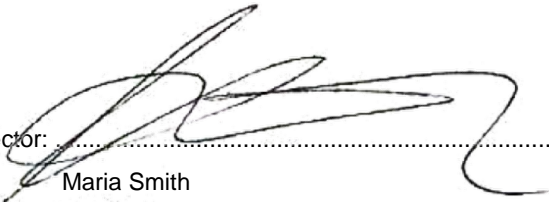
No person has applied for leave of court to bring proceedings on behalf of the Co-operative or intervene in any proceedings to which the Co-operative is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings.

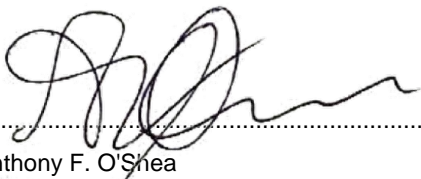
The Co-operative was not a party to any such proceedings during the year.

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 2016 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:

Maria Smith

Director:

Anthony F. O'Shea

Dated 10 October 2016

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 2016, 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 10 October 2016

Avoca District Co-operative Limited

ABN: 82 022 501 598

**Statement of Comprehensive Income
For the Year Ended 30 June 2016**

		2016	2015
	Note	\$	\$
Revenue	2	1,193,227	1,170,218
Administration		(102,905)	(96,930)
Advertising, marketing and sponsorship	5	(85,599)	(80,626)
Depreciation and amortisation	3	(39,174)	(40,830)
Employment and staffing costs		(647,981)	(710,136)
Finance costs	3	(14,690)	(15,245)
Information technology costs		(42,011)	(41,677)
Service delivery costs		(50,239)	(52,998)
Occupancy costs		(69,941)	(68,303)
Motor vehicle operating costs		(5,596)	(6,770)
Operating profit before income tax		135,091	56,703
Income tax expense	4	(39,816)	(17,435)
Operating profit for the year attributable to members		95,275	39,268
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		95,275	39,268

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 2016**

	Note	2016	2015
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9(a)	562,298	375,278
Trade and other receivables	10	121,683	127,704
Other assets	11	5,102	5,218
TOTAL CURRENT ASSETS		689,083	508,200
NON-CURRENT ASSETS			
Property, plant and equipment	12	248,332	305,221
Intangible assets	13	31,206	53,300
Deferred tax assets	16(a)	16,895	18,261
TOTAL NON-CURRENT ASSETS		296,433	376,782
TOTAL ASSETS		985,516	884,982
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	83,066	60,611
Borrowings	15	10,072	4,021
Current tax liabilities	16(b)	22,917	12,632
Provision for employee entitlements	17	64,663	57,653
TOTAL CURRENT LIABILITIES		180,718	134,917
NON-CURRENT LIABILITIES			
Borrowings	15	200,000	210,072
Provision for employee entitlements	17	-	6,738
TOTAL NON-CURRENT LIABILITIES		200,000	216,810
TOTAL LIABILITIES		380,718	351,727
NET ASSETS		604,798	533,255
EQUITY			
Issued capital	18	434,640	436,640
Retained earnings		170,158	96,615
TOTAL EQUITY		604,798	533,255

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 2016

2016

	Contributed equity	Retained earnings	Total
Note	\$	\$	\$
Balance at 1 July 2015	436,640	96,615	533,255
Profit or loss attributable to members	-	95,275	95,275
Shares bought back during the year	(2,000)	-	(2,000)
Dividends paid or provided for	8	(21,732)	(21,732)
Balance at 30 June 2016	434,640	170,158	604,798

2015

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

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 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,314,105	1,267,378
Payments to suppliers and employees	(1,110,459)	(1,170,484)
Interest received	9,357	9,841
Finance costs	(14,690)	(15,245)
Income tax paid	(28,164)	(17,514)
Net cash provided by operating activities	9(b) <u>170,149</u>	<u>73,976</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(28,103)	(6,346)
Payments for intangible assets	-	(26,388)
Proceeds from property, plant and equipment	72,727	-
Net cash used in investing activities	<u>44,624</u>	<u>(32,734)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	-	400
Payments for shares bought back	(2,000)	(4,800)
Repayment of borrowing	(4,021)	(15,673)
Dividends paid	(21,732)	(35,340)
Net cash used in financing activities	<u>(27,753)</u>	<u>(55,413)</u>
Net increase (decrease) in cash and cash equivalents held	187,020	(14,171)
Cash and cash equivalents at beginning of year	<u>375,278</u>	<u>389,449</u>
Cash and cash equivalents at end of financial year	9(a) <u><u>562,298</u></u>	<u><u>375,278</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 2016

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 10 October 2016 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 2016

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 2016

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 2016

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 2016

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 2016

2 Revenue and Other Income

	2016	2015
	\$	\$
Commission income	1,065,715	1,060,586
Market development income	100,000	100,000
Interest received	10,871	9,455
Profit on disposal of fixed assets	4,815	-
Other revenue	11,826	177
	<u>1,193,227</u>	<u>1,170,218</u>

3 Result for the Year

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

Interest expense	<u>14,690</u>	<u>15,245</u>
Depreciation and amortisation of non-current assets:		
- Buildings	2,059	2,172
- Furniture, Fixtures & Fittings	6,892	9,257
- Motor vehicles	4,674	6,235
- Leasehold improvements	3,455	3,603
- Intangibles	22,094	19,563
	<u>39,174</u>	<u>40,830</u>
Rental expense on operating leases	<u>49,293</u>	<u>52,016</u>

4 Income Tax Expense

(a) The components of tax expense comprise:

Current tax	38,449	21,167
Deferred tax	454	(3,732)
Adjustment to deferred tax due to change in tax rate	913	-
	<u>39,816</u>	<u>17,435</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 28.5% (2015: 30%)	38,501	17,011
Add tax effect of non-deductible depreciation and amortisation	402	424
Adjustment to deferred tax due to change in tax rate	913	-
Income tax expense	<u>39,816</u>	<u>17,435</u>

Avoca District Co-operative Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2016

5 Advertising, marketing and sponsorship

	2016	2015
	\$	\$
Sponsorship & Community Contributions		
Avoca Country Golf Club	-	1,000
Avoca Football & Netball Club	1,000	1,000
Avoca Opportunity Shop	1,000	-
Avoca Primary School	909	-
Avoca Shire Turf Club	2,500	2,500
Carisbrook Football Netball Club	2,000	-
Colts Phelans Cricket Club	500	-
Community Enterprise Foundation	21,053	-
Friends of Queen Mary Garden	2,000	-
Get up and go program	-	2,000
Maryborough Blue Light	2,000	-
Maryborough Harness Racing Club	5,000	5,000
Maryborough & Castlemaine Football Netball League	8,500	8,500
Maryborough Highland Society	2,273	8,250
Maryborough & District Cricket Association	-	1,700
Maryborough & District Health Services	-	2,000
Natte Yallock Cricket Club	1,000	-
Pyrenees Community Food Pantry	2,000	-
Pyrenees Shire	-	5,000
Right Choices Program	4,000	4,000
Talbot Football Netball Club	2,000	-
St Arnaud Turf Club	-	500
St Arnaud Childrens Centre	1,818	-
St Arnaud Harness Racing Club	-	2,000
St Arnaud Junior Football Club	500	-
St Arnaud Lawn Tennis Club	1,000	-
St Arnaud Primary School	1,363	-
Talbot Farmers Market	-	500
Other Sponsorships	-	4,685
	62,416	48,635
Advertising & Marketing	23,183	31,991
Total	85,599	80,626

Avoca District Co-operative Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2016

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.

7 Auditors' Remuneration

	2016	2015
	\$	\$
Remuneration of the auditors of the Co-operative, PPT Audit Pty Ltd, for:		
- auditing the financial statements	3,400	3,250
- accounting, consulting and taxation services	16,750	16,410
	<u>20,150</u>	<u>19,660</u>

8 Dividends

(a) Dividends and distributions paid

Final franked ordinary dividends of \$1.00 (2015: \$1.60) per share were paid or provided for during the year

<u>21,732</u>	<u>35,283</u>
---------------	---------------

(b) Franking account

The franking credits available for subsequent financial years

<u>253,242</u>	<u>224,107</u>
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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 2016

9 Cash and Cash Equivalents

(a) Cash and cash equivalents

	2016	2015
	\$	\$
Cash at bank	166,691	88,729
Short-term bank deposits	395,607	286,549
	<u>562,298</u>	<u>375,278</u>

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

Operating profit from ordinary activities	95,275	39,268
Non-cash flows in profit:		
- depreciation and amortisation	39,174	40,830
- net gain on disposal of property, plant and equipment	(4,815)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	5,336	(17,129)
- (increase)/decrease in other assets	102	130
- (increase)/decrease in prepayments	14	224
- (increase)/decrease in investments	-	10
- increase/(decrease) in trade and other payables	23,140	127
- increase/(decrease) in income taxes payable	11,652	(80)
- increase/(decrease) in employee benefits	271	10,596
Cashflow from operations	<u>170,149</u>	<u>73,976</u>

10 Trade and Other Receivables

Trade receivables	117,667	125,500
Accrued income	3,718	2,204
Other receivables	298	-
	<u>121,683</u>	<u>127,704</u>

11 Other Assets

Prepayments	5,074	5,088
Borrowing costs	28	130
	<u>5,102</u>	<u>5,218</u>

Notes to the Financial Statements

For the Year Ended 30 June 2016

12 Property, Plant and Equipment

	2016	2015
	\$	\$
Land and buildings		
At cost	121,638	184,134
Accumulated depreciation	<u>(18,968)</u>	<u>(16,909)</u>
	<u>102,670</u>	<u>167,225</u>
Furniture, fixtures and fittings		
At cost	185,108	185,058
Accumulated depreciation	<u>(150,058)</u>	<u>(143,166)</u>
	<u>35,050</u>	<u>41,892</u>
Motor vehicles		
At cost	60,587	60,587
Accumulated depreciation	<u>(46,594)</u>	<u>(41,920)</u>
	<u>13,993</u>	<u>18,667</u>
Leasehold improvements		
At cost	159,647	137,010
Accumulated depreciation	<u>(63,028)</u>	<u>(59,573)</u>
	<u>96,619</u>	<u>77,437</u>
Total property, plant and equipment	<u><u>248,332</u></u>	<u><u>305,221</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	167,225	41,892	18,667	77,437	305,221
Additions	-	50	-	22,637	22,687
Disposals at written down value	(62,496)	-	-	-	(62,496)
Depreciation expense	(2,059)	(6,892)	(4,674)	(3,455)	(17,080)
Balance at 30 June 2016	<u>102,670</u>	<u>35,050</u>	<u>13,993</u>	<u>96,619</u>	<u>248,332</u>

Avoca District Co-operative Limited

ABN: 82 022 501 598

Notes to the Financial Statements

For the Year Ended 30 June 2016

13 Intangible Assets

	2016	2015
	\$	\$
Licences and franchises		
At cost	211,940	211,940
Accumulated amortisation and impairment	(180,734)	(158,640)
Total Intangibles	31,206	53,300

(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	53,300	53,300
Amortisation	(22,094)	(22,094)
Balance at 30 June 2016	31,206	31,206

14 Trade and Other Payables

	2016	2015
	\$	\$
Trade payables	49,828	30,593
Accrued expenses	3,400	3,250
GST payable	11,800	19,908
PAYG Withholding	17,648	6,384
Superannuation payable	-	476
Other payables	390	-
	83,066	60,611

Avoca District Co-operative Limited

ABN: 82 022 501 598

Notes to the Financial Statements

For the Year Ended 30 June 2016

15 Borrowings

	2016	2015
	\$	\$
CURRENT		
Secured liabilities:		
Motor vehicle finance	<u>10,072</u>	4,021
NON-CURRENT		
Secured liabilities:		
Motor vehicle finance	-	10,072
Unsecured liabilities:		
Bank loan	<u>200,000</u>	200,000
	<u>200,000</u>	210,072
Total borrowings	<u><u>210,072</u></u>	<u><u>214,093</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.

16 Tax

(a) Tax Assets		
NON-CURRENT		
Deferred tax assets comprise:		
Accrued expenses	969	1,118
Provisions	18,428	19,317
Accrued income	(1,060)	(661)
Prepaid expenses	(1,444)	(1,527)
Other	2	14
	<u>16,895</u>	<u>18,261</u>
(b) Tax Liabilities		
CURRENT		
Income tax payable	<u>22,917</u>	12,632

Avoca District Co-operative Limited

ABN: 82 022 501 598

Notes to the Financial Statements

For the Year Ended 30 June 2016

17 Employee Benefits

	2016	2015
	\$	\$
CURRENT		
Provision for employee entitlements	64,663	57,653
NON-CURRENT		
Provision for employee entitlements	-	6,738
	<u>64,663</u>	<u>64,391</u>

18 Issued Capital

21,732 (2015: 21,832) ordinary shares issued at \$20.00 each

	<u>434,640</u>	<u>436,640</u>
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Fully paid ordinary shares

	No.	No.
At the beginning of the reporting period	21,832	22,052
Shares issued during the year	-	20
Shares bought back during the year	(100)	(240)
At the end of the reporting period	<u>21,732</u>	<u>21,832</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.

19 Lease Commitments

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

	2016	2015
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	19,813	31,486
- between 1 year and 5 years	23,727	43,540
	<u>43,540</u>	<u>75,026</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.

20 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.

Avoca District Co-operative Limited

ABN: 82 022 501 598

Notes to the Financial Statements

For the Year Ended 30 June 2016

21 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.

22 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:

	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	562,298	375,278
Loans and receivables	121,683	127,704
Total financial assets	<u>683,981</u>	<u>502,982</u>
Financial Liabilities		
Borrowings	210,072	214,093
Trade and other payables	83,066	60,611
Total financial liabilities	<u>293,138</u>	<u>274,704</u>

23 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 2016.

24 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.

Avoca District Co-operative Limited

ABN: 82 022 501 598

Notes to the Financial Statements

For the Year Ended 30 June 2016

24 Related Party Transactions continued

Transactions with related parties continued

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

	2016	2015
	\$	\$
Motor vehicle repairs were received from director, Mr D. Lloyd Gollop (Gollops Garage)	<u>1,116</u>	<u>1,042</u>

25 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

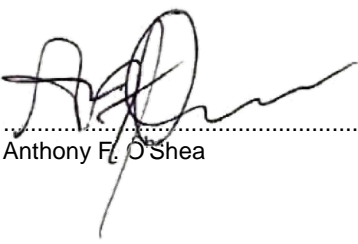
Directors' Declaration

The directors of the Co-operative declare that:

1. The financial statements and notes, as set out on pages 6, 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 2016 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 
Maria Smith

Director 
Anthony F. O'Shea

Dated 10 October 2016

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 2016, 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

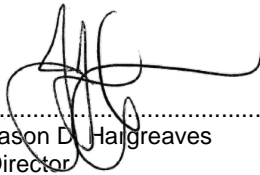
Opinion

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 2016 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. Haldgreaves
Director

20 Lydiard Street South, Ballarat, VIC 3350

Dated 11 October 2016