

Avoca District Co-operative Limited

ABN: 82 022 501 598

Financial Statements

For the Year Ended 30 June 2017

Avoca District Co-operative Limited
ABN: 82 022 501 598

Contents

For the Year Ended 30 June 2017

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	25
Independent Audit Report	26

Avoca District Co-operative Limited

ABN: 82 022 501 598

Directors' Report

For the Year Ended 30 June 2017

The directors present their report on Avoca District Co-operative Limited for the financial year ended 30 June 2017.

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:

D. Lloyd Gollop	Qualifications and experience: Garage Proprietor Interest in shares and options: Owner of 300 shares Special responsibilities: Chairperson
Kate Ashton	Qualifications and experience: Real Estate Agent Interest in shares and options: Owner of 10 shares
Craig (Bill) Drummond	Appointed as a director on 24 November 2016 Qualifications and experience: Managing Director Interest in shares and options: Owner of 10 shares
Ken Field	Retired as a director on 24 November 2016 Qualifications and experience: Retired Teacher Interest in shares and options: Owner of 116 shares (held jointly)
Naomi Medlyn	Qualifications and experience: CPA, Public Accountant and Farmer Interest in shares and options: Owner of 10 shares
Lauren Mitchell	Retired as a director on 5 July 2016 Qualifications and experience: Conveyance Clerk Interest in shares and options: Owner of 20 shares
Anthony F. O'Shea	Retired as a director on 24 November 2016 Qualifications and experience: Co-operative Director Manager Interest in shares and options: Owner of 20 shares
Graeme J. Porter	Qualifications and experience: Master Builder Interest in shares and options: Owner of 258 shares
Nathan Porter	Qualifications and experience: Diesel Mechanic Interest in shares and options: Owner of 10 shares
Maria Smith	Qualifications and experience: Business Owner Interest in shares and options: Owner of 10 shares
Dianne Thiele	Appointed as a director on 24 November 2016 Qualifications and experience: Retailer Interest in shares and options: Owner of 10 shares
Donna Wardlaw	Qualifications and experience: Graphic Designer Interest in shares and options: Owner of 20 shares

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

Avoca District Co-operative Limited

ABN: 82 022 501 598

Directors' Report

For the Year Ended 30 June 2017

Principal activities

The principal activities of Avoca District Co-operative Limited during the financial year were to provide suitable premises, furniture, equipment, staff and other resources to enable the operation of the Avoca and Maryborough **Community Bank®** branches and to manage the operations of the agency in St Arnaud, by way of management contracts and franchise agreements with Bendigo and Adelaide Bank Limited.

There were no significant changes in the nature of Avoca District Co-operative Limited's principal activities during the financial year.

Operating results

Operations have continued to perform in line with expectations. Continued growth in the business allowed the Co-operative to continue our significant investment in the local community, as illustrated below:

	2017	2016
	\$	\$
Profit before tax and advertising, marketing and sponsorships	216,695	220,690
Less advertising, marketing and sponsorships	<u>(96,571)</u>	<u>(85,599)</u>
Profit before tax	120,124	135,091
Less income tax expense	<u>(34,015)</u>	<u>(39,816)</u>
Profit attributable to members of the Co-operative	<u>86,109</u>	<u>95,275</u>

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 6% 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 in relation to the year ended 30 June 2017.
- 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 2017.

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

Significant changes in state of affairs

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

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Co-operative, the results of those operations or the state of affairs of the Co-operative in future financial years.

Directors' Report

For the Year Ended 30 June 2017

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.

Company secretary

The position of Co-operative secretary at the end of the financial year was held by Julie Driscoll, who has held the position since her appointment in July 2012.

Meetings of directors

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

Directors' Meetings		
Number eligible to attend	Number attended	
D. Lloyd Gollop	11	9
Kate Ashton	11	9
Craig (Bill) Drummond	7	6
Ken Field	6	6
Naomi Medlyn	11	8
Lauren Mitchell	-	-
Anthony F. O'Shea	6	5
Graeme J. Porter	11	10
Nathan Porter	11	10
Maria Smith	11	8
Dianne Thiele	7	7
Donna Wardlaw	11	10

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, 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 on a contract insuring the directors against certain liabilities. The contract prohibits the disclosure of the nature of the liabilities and the amount of the premium.

Avoca District Co-operative Limited
ABN: 82 022 501 598

Directors' Report

For the Year Ended 30 June 2017

Proceedings on behalf of company

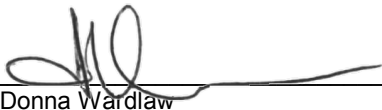
No person has applied for leave of court to bring proceedings on behalf of the Co-operative or intervene in any proceedings to which the Co-operative is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings. The Co-operative was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 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 Goliop

Director: 
Donna Wardlaw

Dated: 31 October 2017


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 2017, 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

Dated: 30 October 2017

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2017

		2017	2016
	Note	\$	\$
Revenue	2	1,268,073	1,193,227
Administration		(109,070)	(102,905)
Depreciation and amortisation	3	(29,880)	(39,174)
Employee benefits expense		(721,522)	(647,981)
Finance costs	3	(12,223)	(14,690)
Information technology costs		(38,327)	(42,011)
Service delivery costs		(66,784)	(50,239)
Occupancy costs		(66,486)	(69,941)
Motor vehicle expenses		(7,086)	(5,596)
Operating profit before advertising, marketing and sponsorships		216,695	220,690
Advertising, marketing and sponsorship	5	(96,571)	(85,599)
Profit before income taxes		120,124	135,091
Income tax expense	4	(34,015)	(39,816)
Profit for the year		86,109	95,275
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		86,109	95,275

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2017

	2017	2016
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	9(a) 409,803	562,298
Trade and other receivables	10 118,939	121,683
Other assets	11 5,522	5,102
TOTAL CURRENT ASSETS	<u>534,264</u>	<u>689,083</u>
NON-CURRENT ASSETS		
Property, plant and equipment	12 261,399	248,332
Intangible assets	13 20,621	31,206
Deferred tax assets	16(a) 22,697	16,895
TOTAL NON-CURRENT ASSETS	<u>304,717</u>	<u>296,433</u>
TOTAL ASSETS	<u>838,981</u>	<u>985,516</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	14 55,810	83,066
Borrowings	15 3,582	10,072
Current tax liabilities	16(b) 11,456	22,917
Employee benefits	17 79,224	64,663
TOTAL CURRENT LIABILITIES	<u>150,072</u>	<u>180,718</u>
NON-CURRENT LIABILITIES		
Borrowings	15 18,742	200,000
Employee benefits	17 4,938	-
TOTAL NON-CURRENT LIABILITIES	<u>23,680</u>	<u>200,000</u>
TOTAL LIABILITIES	<u>173,752</u>	<u>380,718</u>
NET ASSETS	<u>665,229</u>	<u>604,798</u>
EQUITY		
Issued capital	18 435,040	434,640
Retained earnings	<u>230,189</u>	<u>170,158</u>
TOTAL EQUITY	<u>665,229</u>	<u>604,798</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2017

2017

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2016	434,640	170,158	604,798
Profit attributable to members of the co-operative	-	86,109	86,109
Shares issued during the year	400	-	400
Dividends provided for or paid	-	(26,078)	(26,078)
	<u>435,040</u>	<u>230,189</u>	<u>665,229</u>

2016

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2015	436,640	96,615	533,255
Profit attributable to members of the co-operative	-	95,275	95,275
Shares bought back during the year	(2,000)	-	(2,000)
Dividends paid or provided for	-	(21,732)	(21,732)
	<u>434,640</u>	<u>170,158</u>	<u>604,798</u>

Statement of Cash Flows
For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,383,206	1,314,105
Payments to suppliers and employees	(1,239,232)	(1,110,459)
Interest received	11,707	9,357
Interest paid	(12,223)	(14,690)
Income taxes paid	(51,278)	(28,164)
Net cash provided by operating activities	9(b) <u>92,180</u>	<u>170,149</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(34,282)	(28,103)
Proceeds from disposal of plant and equipment	7,273	72,727
Payments for intangible assets	(3,806)	-
Payments for borrowing costs	(457)	-
Net cash provided by (used in) investing activities	<u>(31,272)</u>	<u>44,624</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	400	-
Payments for shares bought back	-	(2,000)
Proceeds from borrowings	22,700	-
Repayment of borrowings	(210,448)	(4,021)
Dividends paid	(26,055)	(21,732)
Net cash used in financing activities	<u>(213,403)</u>	<u>(27,753)</u>
Net increase/(decrease) in cash and cash equivalents held	(152,495)	187,020
Cash and cash equivalents at beginning of year	<u>562,298</u>	<u>375,278</u>
Cash and cash equivalents at end of financial year	9(a) <u><u>409,803</u></u>	<u><u>562,298</u></u>

Avoca District Co-operative Limited

ABN: 82 022 501 598

Notes to the Financial Statements

For the Year Ended 30 June 2017

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 31 October 2017 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.

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%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

(c) Property, plant and equipment
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 profit or loss and other 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 2017

1 Summary of Significant Accounting Policies

(d) Financial instruments

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 2017

1 Summary of Significant Accounting Policies

(d) Financial instruments

(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 profit or loss and other 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 2017

1 Summary of Significant Accounting Policies

(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.

Notes to the Financial Statements
For the Year Ended 30 June 2017

2 Revenue and Other Income

	2017	2016
	\$	\$
Commission income	1,185,181	1,065,715
Market development income	70,208	100,000
Interest received	10,095	10,871
Profit on disposal of fixed assets	1,547	4,815
Other revenue	1,042	11,826
	<u>1,268,073</u>	<u>1,193,227</u>

3 Result for the Year

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

Depreciation and amortisation of non-current assets:

- Buildings	1,968	2,059
- Furniture, Fixtures & Fittings	6,319	6,892
- Motor vehicles	3,522	4,674
- Leasehold improvements	3,680	3,455
- Intangibles	14,391	22,094
	<u>29,880</u>	<u>39,174</u>

Interest	<u>12,223</u>	<u>14,690</u>
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Rental expense on operating leases	<u>51,252</u>	<u>49,293</u>
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4 Income Tax Expense

(a) The components of tax expense comprise:

Current tax	39,818	38,449
Deferred tax	(6,395)	454
Adjustment to deferred tax due to change in tax rate	592	913
	<u>34,015</u>	<u>39,816</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 27.5% (2016: 28.5%)	33,034	38,501
Add tax effect of non-deductible depreciation and amortisation	389	402
Adjustment to deferred tax due to change in tax rate	592	913
Income tax expense	<u>34,015</u>	<u>39,816</u>

Notes to the Financial Statements
For the Year Ended 30 June 2017

5 Advertising, marketing and sponsorship

	2017	2016
	\$	\$
Sponsorship & Community Contributions		
Australian Breastfeeding Association	455	-
Avoca Basketball Club	909	-
Avoca Community Arts & Gardens Inc	636	-
Avoca Football & Netball Club	1,000	1,000
Avoca Friends of the Pool	909	-
Avoca Golf Club	727	-
Avoca Opportunity Shop	-	1,000
Avoca Primary School	-	909
Avoca Shire Turf Club	2,500	2,500
Carisbrook Bowls Club	500	-
Carisbrook Football Netball Club	-	2,000
Carisbrook Playgroup	455	-
Carisbrook Primary School	909	-
Colts Phelans Cricket Club	-	500
Community Enterprise Foundation	42,105	21,053
Friends of Queen Mary Garden	-	2,000
Maryborough Blue Light	-	2,000
Maryborough & Castlemaine Football Netball League	8,000	8,500
Maryborough City Brass Band	909	-
Maryborough Harness Racing Club	10,000	5,000
Maryborough Highland Society	2,500	2,273
Natte Yallock Cricket Club	-	1,000
Pyrenees Community Food Pantry	-	2,000
Right Choices Program	-	4,000
St Arnaud Childrens Centre	-	1,818
St Arnaud Junior Cricket Club	455	-
St Arnaud Junior Football Club	-	500
St Arnaud Lawn Tennis Club	-	1,000
St Arnaud Primary School	-	1,363
Stuart Mill Progress Association	500	-
Talbot Football Netball Club	-	2,000
Talbot Golf Club	1,364	-
	74,833	62,416
Advertising & Marketing	21,738	23,183
Total	96,571	85,599

Notes to the Financial Statements

For the Year Ended 30 June 2017

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

	2017	2016
	\$	\$
Remuneration of the auditors of the Co-operative, PPT Audit Pty Ltd, for:		
- auditing the financial statements	3,400	3,400
- accounting, consulting and taxation services	17,750	16,750
	<u>21,150</u>	<u>20,150</u>

8 Dividends

(a) Dividends and distributions paid

Final franked ordinary dividends of \$1.20 (2016: \$1.00) per share were paid or provided for during the year

<u>26,078</u>	<u>21,732</u>
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Franked dividends declared or paid during the year were franked at the tax rate of 27.5% (2016: 30%).

(b) Franking account

The franking credits available for subsequent financial years

<u>283,528</u>	<u>253,242</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.

Notes to the Financial Statements
For the Year Ended 30 June 2017

9 Cash and Cash Equivalents

(a) Cash and cash equivalents

	2017	2016
	\$	\$
Cash at bank	52,519	166,691
Short-term bank deposits	357,284	395,607
	<u>409,803</u>	<u>562,298</u>

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

Operating profit from ordinary activities	86,109	95,275
Non-cash flows in profit:		
- depreciation and amortisation	29,880	39,174
- net gain on disposal of property, plant and equipment	(1,547)	(4,815)
- borrowing costs	29	102
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	2,641	5,336
- (increase)/decrease in prepayments	8	14
- increase/(decrease) in trade and other payables	(27,176)	23,140
- increase/(decrease) in income taxes payable	(17,263)	11,652
- increase/(decrease) in employee benefits	19,499	271
Cashflow from operations	<u>92,180</u>	<u>170,149</u>

10 Trade and Other Receivables

Trade receivables	116,834	117,667
Accrued income	2,105	3,718
Other receivables	-	298
	<u>118,939</u>	<u>121,683</u>

11 Other Assets

Prepayments	5,066	5,074
Borrowing costs	456	28
	<u>5,522</u>	<u>5,102</u>

Notes to the Financial Statements
For the Year Ended 30 June 2017

12 Property, Plant and Equipment

	2017	2016
	\$	\$
Land and buildings		
At cost	121,638	121,638
Accumulated depreciation	<u>(20,936)</u>	<u>(18,968)</u>
	<u>100,702</u>	<u>102,670</u>
Office furniture and equipment		
At cost	187,418	185,108
Accumulated depreciation	<u>(152,367)</u>	<u>(150,058)</u>
	<u>35,051</u>	<u>35,050</u>
Motor vehicles		
At cost	51,552	60,587
Accumulated depreciation	<u>(18,845)</u>	<u>(46,594)</u>
	<u>32,707</u>	<u>13,993</u>
Leasehold improvements		
At cost	159,647	159,647
Accumulated depreciation	<u>(66,708)</u>	<u>(63,028)</u>
	<u>92,939</u>	<u>96,619</u>
Total property, plant and equipment	<u><u>261,399</u></u>	<u><u>248,332</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	Office furniture and equipment	Motor vehicles	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Balance at the beginning of the year	102,670	35,050	13,993	96,619	248,332
Additions	-	6,373	27,909	-	34,282
Disposals at written down value	-	(53)	(5,673)	-	(5,726)
Depreciation expense	<u>(1,968)</u>	<u>(6,319)</u>	<u>(3,522)</u>	<u>(3,680)</u>	<u>(15,489)</u>
Balance at 30 June 2017	<u><u>100,702</u></u>	<u><u>35,051</u></u>	<u><u>32,707</u></u>	<u><u>92,939</u></u>	<u><u>261,399</u></u>

Notes to the Financial Statements
For the Year Ended 30 June 2017

13 Intangible Assets

	2017	2016
	\$	\$
Licenses and franchises		
At cost	215,746	211,940
Accumulated amortisation and impairment	<u>(195,125)</u>	<u>(180,734)</u>
Total Intangibles	<u>20,621</u>	<u>31,206</u>

(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	31,206	31,206
Additions	3,806	3,806
Amortisation	<u>(14,391)</u>	<u>(14,391)</u>
Balance at 30 June 2017	<u>20,621</u>	<u>20,621</u>

14 Trade and Other Payables

	2017	2016
	\$	\$
Trade payables	26,995	49,828
Accrued expenses	3,450	3,400
GST payable	16,757	11,800
PAYG Withholding	7,578	17,648
Other payables	<u>1,030</u>	<u>390</u>
	<u>55,810</u>	<u>83,066</u>

Notes to the Financial Statements
For the Year Ended 30 June 2017

15 Borrowings

	2017 \$	2016 \$
CURRENT		
Secured liabilities:		
Motor vehicle finance	<u>3,582</u>	<u>10,072</u>
NON-CURRENT		
Secured liabilities:		
Motor vehicle finance	18,742	-
Unsecured liabilities:		
Bank loan	<u>-</u>	<u>200,000</u>
	<u>18,742</u>	<u>200,000</u>
Total borrowings	<u><u>22,324</u></u>	<u><u>210,072</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	949	969
Provisions	23,144	18,428
Accrued income	-	(1,060)
Prepaid expenses	(1,394)	(1,444)
Other	(2)	2
	<u>22,697</u>	<u>16,895</u>
(b) Tax Liabilities		
CURRENT		
Income tax payable	<u>11,456</u>	<u>22,917</u>

Notes to the Financial Statements
For the Year Ended 30 June 2017

17 Employee Benefits

	2017	2016
	\$	\$
CURRENT		
Provision for employee entitlements	<u>79,224</u>	<u>64,663</u>
	<u><u>79,224</u></u>	<u><u>64,663</u></u>
NON CURRENT		
Provision for employee entitlements	<u>4,938</u>	<u>-</u>
	<u><u>4,938</u></u>	<u><u>-</u></u>

18 Issued Capital

21,752 (2016: 21,732) ordinary shares issued at \$20.00 each

<u><u>435,040</u></u>	<u><u>434,640</u></u>
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Fully paid ordinary shares

	No.	No.
At the beginning of the reporting period	21,732	21,832
Shares issued during the year	20	-
Shares bought back during the year	-	(100)
At the end of the reporting period	<u><u>21,752</u></u>	<u><u>21,732</u></u>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up 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:

	2017	2016
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	30,662	19,813
- between 1 year and 5 years	<u>61,180</u>	<u>23,727</u>
	<u><u>91,842</u></u>	<u><u>43,540</u></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 2016.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

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:

	2017	2016
	\$	\$
Financial Assets		
Cash and cash equivalents	409,803	562,298
Loans and receivables	118,939	121,683
Total financial assets	528,742	683,981
Financial Liabilities		
Borrowings	22,324	210,072
Trade and other payables	55,810	83,066
Total financial liabilities	78,134	293,138

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 2017 or 30 June 2016.

Notes to the Financial Statements
For the Year Ended 30 June 2017

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.

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

	2017	2016
	\$	\$
Motor vehicle repairs were received from director, Mr D. Lloyd Gollop (Gollops Garage)	2,290	1,116

25 Co-operative Details

The registered office of the Co-operative is:

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


Directors' Declaration

The directors of the Co-operative declare that:

1. the financial statements and notes for the year ended 30 June 2017 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position and performance of the Co-operative as at 30 June 2017 and of the performance for the year ended on that date;
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  _____
Donna Wardlaw

Dated: 31 October 2017

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

We have audited the financial report of Avoca District Co-operative Limited (the Co-operative), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Co-operative's financial position as at 30 June 2017 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Co-operative in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Co-operative, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Co-operative or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.


As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PPT Audit Pty Ltd

PPT Audit Pty Ltd



Jason D. Hargreaves
Director

20 Lydiard Street South, BALLARAT, VIC, 3350

Dated: 1 November 2017