

Avoca District Co-operative Limited

ABN: 82 022 501 598

Financial Statements

For the Year Ended 30 June 2018

Avoca District Co-operative Limited

ABN: 82 022 501 598

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For the Year Ended 30 June 2018

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Avoca District Co-operative Limited

ABN: 82 022 501 598

Directors' Report

For the Year Ended 30 June 2018

The directors present their report on Avoca District Co-operative Limited for the financial year ended 30 June 2018.

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
Graeme J. Porter	Qualifications and experience: Master Builder Interest in shares and options: Owner of 258 shares Special responsibilities: Deputy Chairperson
Craig (Bill) Drummond	Qualifications and experience: Managing Director Interest in shares and options: Owner of 10 shares
Dianne Thiele	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
Kate Ashton	Qualifications and experience: Real Estate Agent Interest in shares and options: Owner of 10 shares
Lauren Dent (Mitchell)	Reappointed as a director on 6 March 2018 Qualifications and experience: Conveyance Clerk Interest in shares and options: Owner of 20 shares
Maria Smith	Qualifications and experience: Business Owner Interest in shares and options: Owner of 10 shares
Naomi Medlyn	Qualifications and experience: CPA, Public Accountant and Farmer Interest in shares and options: Owner of 10 shares
Nathan Porter	Retired as a director on 6 March 2018 Qualifications and experience: Diesel Mechanic Interest in shares and options: Owner of 10 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

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Directors' Report

For the Year Ended 30 June 2018

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:

	2018	2017
	\$	\$
Profit before tax and advertising, marketing and sponsorships	362,431	216,695
Less advertising, marketing and sponsorships	(51,254)	(54,466)
Less Community Enterprise Foundation contributions	(178,947)	(42,105)
Profit before tax	132,230	120,124
Less income tax expense	(36,752)	(34,015)
Profit attributable to members of the Co-operative	95,478	86,109

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 5% fully franked dividend is recommended for payment out of retained earnings in relation to the year ended 30 June 2018. 5% is keeping in line with shareholder views, via a recent survey, that community contributions should be the focus of profit allocation.
- 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 2018.

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.

Avoca District Co-operative Limited

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Directors' Report

For the Year Ended 30 June 2018

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
Graeme J. Porter	11	6
Craig (Bill) Drummond	11	8
Dianne Thiele	11	11
Donna Wardlaw	11	10
Kate Ashton	11	9
Lauren Dent (Mitchell)	3	3
Maria Smith	11	6
Naomi Medlyn	11	8
Nathan Porter	8	7

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.

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.

Avoca District Co-operative Limited

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Directors' Report

For the Year Ended 30 June 2018

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 2018 has been received and can be found on page 5 of the financial report.

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

Director: 
D. Lloyd Gollop

Director: 
Donna Wardlaw

Dated: 31 October 2018

Avoca District Co-operative Limited

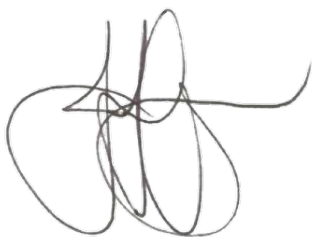
ABN: 82 022 501 598

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 2018, 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: 29 October 2018

Avoca District Co-operative Limited

ABN: 82 022 501 598

Statement of Profit or Loss and Other Comprehensive Income**For the Year Ended 30 June 2018**

		2018	2017
	Note	\$	\$
Revenue	2	1,344,461	1,268,073
Administration		(104,923)	(109,070)
Depreciation and amortisation	3	(30,010)	(29,880)
Employee benefits expense		(670,849)	(721,522)
Finance costs	3	(933)	(12,223)
Information technology costs		(38,889)	(38,327)
Service delivery costs		(61,091)	(66,784)
Occupancy costs		(70,026)	(66,486)
Motor vehicle expenses		(5,309)	(7,086)
Operating profit before advertising, marketing and sponsorships		362,431	216,695
Advertising, marketing and sponsorship	5	(230,201)	(96,571)
Profit before income taxes		132,230	120,124
Income tax expense	4	(36,752)	(34,015)
Profit for the year		95,478	86,109
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		95,478	86,109

The accompanying notes form part of these financial statements.

Avoca District Co-operative Limited

ABN: 82 022 501 598

Statement of Financial Position**As at 30 June 2018**

		2018	2017
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9(a)	526,070	409,803
Trade and other receivables	10	124,948	118,939
Other assets	11	5,072	5,522
Current tax assets	16(a)	3,024	-
TOTAL CURRENT ASSETS		659,114	534,264
NON-CURRENT ASSETS			
Property, plant and equipment	12	248,146	261,399
Intangible assets	13	11,440	20,621
Deferred tax assets	16(a)	13,977	22,697
TOTAL NON-CURRENT ASSETS		273,563	304,717
TOTAL ASSETS		932,677	838,981
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	122,328	55,810
Borrowings	15	3,746	3,582
Current tax liabilities	16(b)	-	11,456
Employee benefits	17	52,834	79,224
TOTAL CURRENT LIABILITIES		178,908	150,072
NON-CURRENT LIABILITIES			
Borrowings	15	14,997	18,742
Employee benefits	17	9,831	4,938
TOTAL NON-CURRENT LIABILITIES		24,828	23,680
TOTAL LIABILITIES		203,736	173,752
NET ASSETS		728,941	665,229
EQUITY			
Issued capital	18	424,520	435,040
Retained earnings		304,421	230,189
TOTAL EQUITY		728,941	665,229

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2017	435,040	230,189	665,229
Profit attributable to members of the co-operative	-	95,478	95,478
Shares issued during the year	200	-	200
Shares bought back during the year	(10,720)	-	(10,720)
Dividends provided for or paid	8 -	(21,246)	(21,246)
Balance at 30 June 2018	424,520	304,421	728,941

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	8 -	(26,078)	(26,078)
Balance at 30 June 2017	435,040	230,189	665,229

Statement of Cash Flows

For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,463,218	1,383,206
Payments to suppliers and employees	(1,269,284)	(1,239,232)
Interest received	8,724	11,707
Interest paid	(933)	(12,223)
Income taxes paid	(42,511)	(51,278)
Net cash provided by operating activities	9(b) 159,214	92,180
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(7,576)	(34,282)
Proceeds from disposal of plant and equipment	-	7,273
Payments for intangible assets	-	(3,806)
Payments for borrowing costs	-	(457)
Net cash used in investing activities	(7,576)	(31,272)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	200	400
Payments for shares bought back	(10,720)	-
Proceeds from borrowings	-	22,700
Repayment of borrowings	(3,581)	(210,448)
Dividends paid	(21,270)	(26,055)
Net cash used in financing activities	(35,371)	(213,403)
Net increase/(decrease) in cash and cash equivalents held	116,267	(152,495)
Cash and cash equivalents at beginning of year	409,803	562,298
Cash and cash equivalents at end of financial year	9(a) 526,070	409,803

Notes to the Financial Statements

For the Year Ended 30 June 2018

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 2018 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%

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(c) Property, plant and equipment

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 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 2018

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 2018

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 2018

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 2018

	2018 \$	2017 \$
2 Revenue and Other Income		
Commission income	1,264,895	1,185,181
Market development income	70,000	70,208
Interest received	9,565	10,095
Profit on disposal of fixed assets	-	1,547
Other revenue	1	1,042
	<u>1,344,461</u>	<u>1,268,073</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	1,896	1,968
- Furniture, Fixtures & Fittings	6,832	6,319
- Motor vehicles	8,573	3,522
- Leasehold improvements	3,528	3,680
- Intangibles	9,181	14,391
	<u>30,010</u>	<u>29,880</u>
Interest	<u>933</u>	<u>12,223</u>
Rental expense on operating leases	<u>49,769</u>	<u>51,252</u>
4 Income Tax Expense		
(a) The components of tax expense comprise:		
Current tax	28,032	39,818
Deferred tax	8,720	(6,395)
Adjustment to deferred tax due to change in tax rate	-	592
	<u>36,752</u>	<u>34,015</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% (2017: 27.5%)	36,363	33,034
Add tax effect of non-deductible depreciation and amortisation	389	389
Adjustment to deferred tax due to change in tax rate	-	592
Income tax expense	<u>36,752</u>	<u>34,015</u>

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018 \$	2017 \$
5 Advertising, marketing and sponsorship		
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 Playgroup	728	-
Avoca Scouts & Guides	455	-
Avoca Shire Turf Club	600	-
Ballarat Community Health	300	-
Carisbrook Bowls Club	-	500
Carisbrook Playgroup	-	455
Carisbrook Primary School	-	909
Defib for Life	2,273	2,500
Maryborough & Castlemaine Football Netball League	8,000	8,000
Maryborough Ambulance Auxiliary	1,818	-
Maryborough City Brass Band	-	909
Maryborough Community House	1,000	-
Maryborough District Health Services	243	-
Maryborough Harness Racing Club	-	10,000
Maryborough Highland Society	2,500	2,500
Maryborough Little Athletics	1,000	-
Maryborough L2P	605	-
Maryborough Rotary	600	-
St Arnaud Cricket Club	3,636	-
St Arnaud Junior Cricket Club	-	455
St Arnaud Young Farmers	2,000	-
Stuart Mill Progress Association	-	500
Talbot Golf Club	-	1,364
Other Sponsorships	291	-
	27,049	32,728
Advertising & Marketing	24,205	21,738
Total sponsorship, advertising & marketing	51,254	54,466
Community Enterprise Foundation Contribution	178,947	42,105
Total	230,201	96,571

Notes to the Financial Statements

For the Year Ended 30 June 2018

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

	2018	2017
	\$	\$
Remuneration of the auditors of the Co-operative, PPT Audit Pty Ltd, for:		
- auditing the financial statements	3,550	3,400
- accounting, consulting and taxation services	17,865	17,750
	<u>21,415</u>	<u>21,150</u>

8 Dividends

(a) Dividends and distributions paid

Final franked ordinary dividends of \$1.00 (2017: \$1.20) per share were paid or provided for during the year

<u>21,246</u>	<u>26,078</u>
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Franked dividends declared or paid during the year were franked at the tax rate of 27.5% (2017:27.5%).

(b) Franking account

The franking credits available for subsequent financial years

<u>313,494</u>	<u>283,528</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 2018

	2018	2017
	\$	\$
9 Cash and Cash Equivalents		
(a) Cash and cash equivalents		
Cash at bank	100,851	52,519
Short-term bank deposits	425,219	357,284
	526,070	409,803
(b) Reconciliation of result for the year to cashflows from operating activities		
Operating profit from ordinary activities	95,478	86,109
Non-cash flows in profit:		
- depreciation and amortisation	30,010	29,880
- net gain on disposal of property, plant and equipment	-	(1,547)
- borrowing costs	91	29
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(5,539)	2,641
- (increase)/decrease in prepayments	359	8
- increase/(decrease) in trade and other payables	66,071	(27,176)
- increase/(decrease) in income taxes payable	(5,759)	(17,263)
- increase/(decrease) in employee benefits	(21,497)	19,499
Cashflow from operations	159,214	92,180
10 Trade and Other Receivables		
Trade receivables	122,002	116,834
Accrued income	2,946	2,105
	124,948	118,939
11 Other Assets		
Prepayments	4,707	5,066
Borrowing costs	365	456
	5,072	5,522

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018 \$	2017 \$
12 Property, Plant and Equipment		
Land and buildings		
At cost	121,638	121,638
Accumulated depreciation	(22,832)	(20,936)
	<u>98,806</u>	<u>100,702</u>
Office furniture and equipment		
At cost	192,093	187,418
Accumulated depreciation	(157,973)	(152,367)
	<u>34,120</u>	<u>35,051</u>
Motor vehicles		
At cost	53,227	51,552
Accumulated depreciation	(27,418)	(18,845)
	<u>25,809</u>	<u>32,707</u>
Leasehold improvements		
At cost	159,647	159,647
Accumulated depreciation	(70,236)	(66,708)
	<u>89,411</u>	<u>92,939</u>
Total property, plant and equipment	<u><u>248,146</u></u>	<u><u>261,399</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	100,702	35,051	32,707	92,939	261,399
Additions	-	5,901	1,675	-	7,576
Depreciation expense	(1,896)	(6,832)	(8,573)	(3,528)	(20,829)
Balance at 30 June 2018	<u><u>98,806</u></u>	<u><u>34,120</u></u>	<u><u>25,809</u></u>	<u><u>89,411</u></u>	<u><u>248,146</u></u>

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
13 Intangible Assets		
Licenses and franchises		
At cost	225,746	225,746
Accumulated amortisation and impairment	(214,306)	(205,125)
Total Intangibles	<u>11,440</u>	<u>20,621</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:

Balance at the beginning of the year	20,621	31,206
Additions	-	3,806
Amortisation	(9,181)	(14,391)
Balance at 30 June 2018	<u>11,440</u>	<u>20,621</u>

14 Trade and Other Payables

Trade payables	104,627	26,995
Accrued expenses	3,550	3,450
GST payable	5,736	16,757
PAYG Withholding	6,510	7,578
Other payables	1,905	1,030
	<u>122,328</u>	<u>55,810</u>

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018 \$	2017 \$
15 Borrowings		
CURRENT		
Secured liabilities:		
Motor vehicle finance	<u>3,746</u>	<u>3,582</u>
	<u>3,746</u>	<u>3,582</u>
NON-CURRENT		
Secured liabilities:		
Motor vehicle finance	<u>14,997</u>	<u>18,742</u>
	<u>14,997</u>	<u>18,742</u>
Total borrowings	<u><u>18,742</u></u>	<u><u>22,324</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		
CURRENT		
Income tax receivable	<u>3,024</u>	<u>-</u>
	<u>3,024</u>	<u>-</u>
NON-CURRENT		
Deferred tax assets comprise:		
Accrued expenses	976	949
Provisions	17,233	23,144
Prepaid expenses	(1,295)	(1,394)
Other	<u>(2,937)</u>	<u>(2)</u>
	<u>13,977</u>	<u>22,697</u>
	<u><u>17,001</u></u>	<u><u>22,697</u></u>
(b) Tax Liabilities		
CURRENT		
Income tax payable	<u>-</u>	<u>11,456</u>

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018 \$	2017 \$
17 Employee Benefits		
CURRENT		
Provision for employee entitlements	<u>52,834</u>	<u>79,224</u>
	<u>52,834</u>	<u>79,224</u>
NON CURRENT		
Provision for employee entitlements	<u>9,831</u>	<u>4,938</u>
	<u>9,831</u>	<u>4,938</u>
18 Issued Capital		
21,226 (2017: 21,752) ordinary shares issued at \$20.00 each	<u>424,520</u>	<u>435,040</u>
Fully paid ordinary shares		
	No.	No.
At the beginning of the reporting period	21,752	21,732
Shares issued during the year	10	20
Shares bought back during the year	<u>(536)</u>	<u>-</u>
At the end of the reporting period	<u>21,226</u>	<u>21,752</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:

	2018 \$	2017 \$
Payable - minimum lease payments:		
- no later than 1 year	26,384	30,662
- between 1 year and 5 years	<u>34,796</u>	<u>61,180</u>
	<u>61,180</u>	<u>91,842</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.

Notes to the Financial Statements

For the Year Ended 30 June 2018

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.

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:

	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents	526,070	409,803
Loans and receivables	124,948	118,939
Total financial assets	651,018	528,742
Financial Liabilities		
Borrowings	18,742	22,324
Trade and other payables	122,328	55,810
Total financial liabilities	141,070	78,134

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 2018 or 30 June 2017.

Notes to the Financial Statements

For the Year Ended 30 June 2018

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. In the opinion of the Board, the only key management personnel of the entity are the Directors.

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.

There were no transactions with related parties during the year.

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

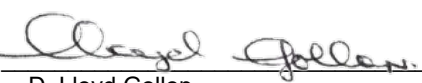
ABN: 82 022 501 598

Directors' Declaration

The directors of the Co-operative declare that:

1. the financial statements and notes for the year ended 30 June 2018 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 2018 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 2018

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 2018, 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 2018 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 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: 31 October 2018