

# **Avoca District Co-operative Limited**

ABN: 82 022 501 598

## **Financial Statements**

For the Year Ended 30 June 2019

**Avoca District Co-operative Limited**

ABN: 82 022 501 598

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**For the Year Ended 30 June 2019**

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## Avoca District Co-operative Limited

ABN: 82 022 501 598

### Directors' Report

For the Year Ended 30 June 2019

The directors present their report on Avoca District Co-operative Limited for the financial year ended 30 June 2019.

#### 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: Business Owner 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: HR Co-ordinator 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/Business Owner 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: Business Owner/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 Business Owner Interest in shares and options: Owner of 10 shares
Scott Wilson	Appointed as a director on 22 January 2019 Qualifications and experience: Support Service Manager 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

ABN: 82 022 501 598

## Directors' Report

For the Year Ended 30 June 2019

### 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:

	2019	2018
	\$	\$
Profit before tax and advertising, marketing and sponsorships	307,007	362,431
Less advertising, marketing and sponsorships	(73,246)	(51,254)
Less Community Enterprise Foundation contributions	(131,579)	(178,947)
Profit before tax	102,182	132,230
Less income tax expense	(28,488)	(36,752)
Profit attributable to members of the Co-operative	<u>73,694</u>	<u>95,478</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 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 2019.
- A 5% fully franked bonus dividend was paid during the year to celebrate the 20th anniversary of the Co-Operative .
- No transaction based bonus is recommended for payment in relation to the year ended 30 June 2019.

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

ABN: 82 022 501 598

# Directors' Report

For the Year Ended 30 June 2019

### 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	11
Graeme J. Porter	11	7
Craig (Bill) Drummond	11	8
Dianne Thiele	11	11
Donna Wardlaw	11	11
Kate Ashton	11	11
Lauren Dent (Mitchell)	11	10
Maria Smith*	6	2
Naomi Medlyn	11	9
Scott Wilson	5	5

\*leave of absence granted by the board from November 2018 to November 2019.

### 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**

ABN: 82 022 501 598

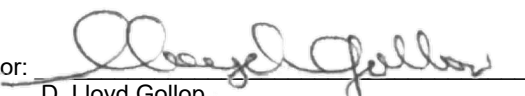
**Directors' Report**

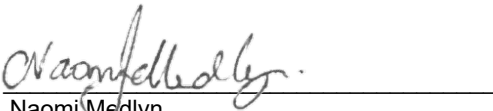
**For the Year Ended 30 June 2019**

**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 2019 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:   
Naomi Medlyn

Dated: 29 October 2019

**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 2019, 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: 21 October 2019

**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 2019

		2019	2018
	Note	\$	\$
Revenue	2	1,392,407	1,344,461
Administration		(111,818)	(104,923)
Depreciation and amortisation	3	(40,476)	(30,010)
Employee benefits expense		(734,889)	(670,849)
Finance costs	3	(767)	(933)
Information technology costs		(41,119)	(38,889)
Service delivery costs		(69,607)	(61,091)
Occupancy costs		(80,372)	(70,026)
Motor vehicle expenses		(6,352)	(5,309)
<b>Operating profit before advertising, marketing and sponsorships</b>		<b>307,007</b>	362,431
Advertising, marketing and sponsorship	5	(204,825)	(230,201)
<b>Profit before income tax</b>		<b>102,182</b>	132,230
Income tax expense	4	(28,488)	(36,752)
<b>Profit for the year</b>		<b>73,694</b>	95,478
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive income for the year</b>		<b>73,694</b>	95,478

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 2019

		2019	2018
	Note	\$	\$
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	8(a)	567,476	526,070
Trade and other receivables	9	126,261	124,948
Other assets	10	5,207	5,072
Current tax assets	15(a)	-	3,024
Total Current Assets		<u>698,944</u>	<u>659,114</u>
Non-Current Assets			
Property, plant and equipment	11	237,130	248,146
Intangible assets	12	121,909	11,440
Deferred tax assets	15(a)	17,871	13,977
Total Non-Current Assets		<u>376,910</u>	<u>273,563</u>
Total Assets		<u>1,075,854</u>	<u>932,677</u>
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables	13	88,613	122,328
Borrowings	14	4,294	3,746
Current tax liabilities	15(b)	10,097	-
Employee benefits	16	73,647	52,834
Total Current Liabilities		<u>176,651</u>	<u>178,908</u>
Non-Current Liabilities			
Borrowings	14	11,078	14,997
Employee benefits	16	14,269	9,831
Franchise fees		120,373	-
Total Non-Current Liabilities		<u>145,720</u>	<u>24,828</u>
Total Liabilities		<u>322,371</u>	<u>203,736</u>
Net Assets		<u>753,483</u>	<u>728,941</u>
<b>Equity</b>			
Issued capital	17	417,320	424,520
Retained earnings		336,163	304,421
Total Equity		<u>753,483</u>	<u>728,941</u>

The accompanying notes form part of these financial statements.

**Avoca District Co-operative Limited**

ABN: 82 022 501 598

**Statement of Changes in Equity**

For the Year Ended 30 June 2019

2019

	Issued capital	Retained earnings	Total
Note	\$	\$	\$
<b>Balance at 1 July 2018</b>	424,520	304,421	728,941
Profit attributable to members of the Co-operative	-	73,694	73,694
Shares issued during the year	200	-	200
Shares bought back during the year	(7,400)	-	(7,400)
Dividends provided for or paid	-	(41,952)	(41,952)
	<u>417,320</u>	<u>336,163</u>	<u>753,483</u>

2018

	Issued capital	Retained earnings	Total
Note	\$	\$	\$
<b>Balance at 1 July 2017</b>	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	-	(21,246)	(21,246)
	<u>424,520</u>	<u>304,421</u>	<u>728,941</u>

The accompanying notes form part of these financial statements.

**Avoca District Co-operative Limited**

ABN: 82 022 501 598

**Statement of Cash Flows**  
**For the Year Ended 30 June 2019**

	2019	2018
Note	\$	\$
<b>Cash flows from operating activities:</b>		
Receipts from customers	1,518,179	1,463,218
Payments to suppliers and employees	(1,390,772)	(1,269,284)
Interest received	11,055	8,724
Interest paid	(767)	(933)
Income taxes paid	(19,261)	(42,511)
Net cash provided by operating activities	8(b) <u>118,434</u>	<u>159,214</u>
<b>Cash flows from investing activities:</b>		
Payments for property, plant and equipment	(8,091)	(7,576)
Payments for intangible assets	(16,414)	-
Net cash used in investing activities	<u>(24,505)</u>	<u>(7,576)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issue of shares	200	200
Payments for shares bought back	(7,400)	(10,720)
Repayment of borrowings	(3,371)	(3,581)
Dividends paid	(41,952)	(21,270)
Net cash used in financing activities	<u>(52,523)</u>	<u>(35,371)</u>
Net increase in cash and cash equivalents held	41,406	116,267
Cash and cash equivalents at beginning of year	<u>526,070</u>	<u>409,803</u>
Cash and cash equivalents at end of financial year	8(a) <u><u>567,476</u></u>	<u><u>526,070</u></u>

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

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 29 October 2019 by the Directors of the Co-operative.

#### **(b) Change in accounting policy**

##### **Financial Instruments - Adoption of AASB 9**

The Co-operative has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2017.

As part of the adoption of AASB 9, the Co-operative adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for in the current year.

The key changes to the Co-operative's accounting policies and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively.

##### **Classification of financial assets**

The financial assets of the Co-operative have been reclassified on adoption of AASB 9 as measured at amortised cost.

There were no changes to carrying amounts as a result of the adoption of AASB 9.

##### **Impairment of financial assets**

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in earlier recognition of credit losses (bad debt provisions).

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **1 Summary of Significant Accounting Policies**

#### **(b) Change in accounting policy**

##### **Impairment of financial assets**

##### **Derecognition of financial assets**

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

##### **Financial liabilities**

The Co-operative measures financial liabilities initially at fair value less transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

The financial liabilities of the Co-operative include trade and other payables.

##### **Derecognition of financial liabilities**

A financial liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing financial liability derecognised and the considerations paid or payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### **Revenue from Contracts with Customers - Adoption of AASB 15**

The Co-operative has adopted AASB 15 *Revenue from Contracts with Customers* for the first time in the current year with a date of initial application of 1 July 2017.

There is no material change to accounting policies as a result of the adoption of AASB 15.

#### **(c) Comparative figures**

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

#### **(d) 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.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **1 Summary of Significant Accounting Policies**

#### **(d) Property, plant and equipment**

##### **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:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
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 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 .

#### **(e) Financial instruments**

##### **Financial assets**

##### **Classification**

On initial recognition, the Co-operative classifies its financial assets, according to the basis on which they are measured, at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Co-operative changes its business model for managing financial assets.

##### **Amortised cost**

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Co-operative's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position .

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **1 Summary of Significant Accounting Policies**

#### **(e) Financial instruments**

##### **Financial assets**

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### **Impairment of financial assets**

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Co-operative considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Co-operative's historical experience and informed credit assessment and including forward looking information.

The Co-operative uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Co-operative uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Co-operative in full, without recourse to the Co-operative to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Co-operative in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### **Trade receivables and contract assets**

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Co-operative has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Co-operative renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **1 Summary of Significant Accounting Policies**

#### **(e) Financial instruments**

##### **Financial assets**

##### **Other financial assets measured at amortised cost**

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### **Financial liabilities**

The Co-operative measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Co-operative comprise trade payables, bank and other loans and finance lease liabilities.

#### **(f) 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 .

#### **(g) 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.

#### **(h) 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 .

#### **(i) 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.



## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **1 Summary of Significant Accounting Policies**

#### **(j) 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.

#### **(k) 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.

#### **(l) 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.

#### **(m) 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 2019

	2019	2018
	\$	\$
<b>2 Revenue</b>		
Commission income	1,295,722	1,264,895
Market development income	67,500	70,000
Community enterprise marketing income	18,182	-
Interest received	11,003	9,565
Other revenue	-	1
	<u>1,392,407</u>	<u>1,344,461</u>
<b>3 Result for the year</b>		
The operating result for the year is after allowing for the following specific expenses:		
Depreciation and amortisation of non-current assets:		
- Buildings	1,838	1,896
- Furniture, Fixtures & Fittings	7,399	6,832
- Motor vehicles	6,452	8,573
- Leasehold improvements	3,418	3,528
- Intangibles	21,369	9,181
	<u>40,476</u>	<u>30,010</u>
Interest	<u>767</u>	<u>933</u>
Rental expense on operating leases	<u>59,449</u>	<u>49,769</u>
<b>4 Income tax expense</b>		
(a) The components of tax expense comprise:		
Current tax	32,382	28,032
Deferred tax	(3,894)	8,720
	<u>28,488</u>	<u>36,752</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% (2018: 27.5%)	28,099	36,363
Add tax effect of non-deductible depreciation and amortisation	389	389
Income tax expense	<u>28,488</u>	<u>36,752</u>

**Avoca District Co-operative Limited**

ABN: 82 022 501 598

**Notes to the Financial Statements**

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
<b>5 Advertising, marketing and sponsorship</b>		
Sponsorship & Community Contributions		
Avoca Cricket Club	60	-
Avoca Football & Netball Club	1,000	1,000
Avoca Playgroup	-	728
Avoca Preschool	2,500	-
Avoca Primary School	800	-
Avoca Scouts & Guides	-	455
Avoca Shire Turf Club	800	600
Ballarat Community Health	-	300
Carisbrook Football Netball Club	1,000	-
Casablanca Movie Club	1,500	-
Defib for Life	-	2,273
Maryborough & Castlemaine Football Netball League	3,000	8,000
Maryborough Ambulance Auxiliary	-	1,818
Maryborough Community House	-	1,000
Maryborough District Health Services	-	243
Maryborough Harness Racing Club	5,000	-
Maryborough Highland Society	2,884	2,500
Maryborough Little Athletics	-	1,000
Maryborough L2P	-	605
Maryborough Rotary	635	600
Royal Park Football Netball Club	2,884	-
St Arnaud Community Resource Centre	1,826	-
St Arnaud Cricket Club	-	3,636
St Arnaud Football Club	4,000	-
St Arnaud Mens Shed	790	-
St Arnaud Netball Club	2,482	-
St Arnaud Swimming Club	997	-
St Arnaud Turf Club	864	-
St Arnaud Young Farmers	2,000	2,000
Talbot Football Netball Club	1,000	-
Other Sponsorships	1,176	291
	<b>37,198</b>	27,049
Advertising & Marketing	<b>36,048</b>	24,205
<b>Total sponsorship, advertising and marketing</b>	<b>73,246</b>	51,254
Community Enterprise Foundation Contribution	<b>131,579</b>	178,947
<b>Total advertising, marketing and sponsorship</b>	<b>204,825</b>	230,201

## Avoca District Co-operative Limited

ABN: 82 022 501 598

# Notes to the Financial Statements

For the Year Ended 30 June 2019

## 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 Dividends

### (a) Dividends and distributions paid

Final franked ordinary dividends of \$1.00 and bonus dividends of \$1.00 (2018: ordinary dividends of \$1.00) per share were paid or provided for during the year

<u><u>41,952</u></u>	<u><u>21,246</u></u>
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Franked dividends declared or paid during the year were franked at the tax rate of 27.5% (2018:7.5%).

### (b) Franking account

The franking credits available for subsequent financial years

<u><u>323,725</u></u>	<u><u>313,494</u></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.

**Avoca District Co-operative Limited**

ABN: 82 022 501 598

**Notes to the Financial Statements**

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
<b>8 Cash and cash equivalents</b>		
(a) Cash and cash equivalents		
Cash at bank	68,044	100,851
Short-term bank deposits	499,432	425,219
	<u>567,476</u>	<u>526,070</u>
(b) Reconciliation of result for the year to cashflows from operating activities		
Operating profit from ordinary activities	73,694	95,478
Non-cash flows in profit:		
- depreciation and amortisation	40,476	30,010
- borrowing costs	91	91
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(1,189)	(5,539)
- (increase)/decrease in other assets	4,950	-
- (increase)/decrease in prepayments	(226)	359
- increase/(decrease) in trade and other payables	(33,840)	66,071
- increase/(decrease) in income taxes payable	9,227	(5,759)
- increase/(decrease) in employee benefits	25,251	(21,497)
Cashflow from operations	<u>118,434</u>	<u>159,214</u>
<b>9 Trade and other receivables</b>		
Trade receivables	123,367	122,002
Accrued income	2,894	2,946
	<u>126,261</u>	<u>124,948</u>
<b>10 Other assets</b>		
Prepayments	4,933	4,707
Borrowing costs	274	365
	<u>5,207</u>	<u>5,072</u>

## Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
<b>11 Property, plant and equipment</b>		
Land and buildings		
At cost	121,638	121,638
Accumulated depreciation	<u>(24,670)</u>	<u>(22,832)</u>
	<u>96,968</u>	<u>98,806</u>
Office furniture and equipment		
At cost	200,184	192,093
Accumulated depreciation	<u>(165,372)</u>	<u>(157,973)</u>
	<u>34,812</u>	<u>34,120</u>
Motor vehicles		
At cost	53,227	53,227
Accumulated depreciation	<u>(33,870)</u>	<u>(27,418)</u>
	<u>19,357</u>	<u>25,809</u>
Leasehold improvements		
At cost	159,647	159,647
Accumulated depreciation	<u>(73,654)</u>	<u>(70,236)</u>
	<u>85,993</u>	<u>89,411</u>
<b>Total property, plant and equipment</b>	<u><u>237,130</u></u>	<u><u>248,146</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	98,806	34,120	25,809	89,411	248,146
Additions	-	8,091	-	-	8,091
Depreciation expense	<u>(1,838)</u>	<u>(7,399)</u>	<u>(6,452)</u>	<u>(3,418)</u>	<u>(19,107)</u>
<b>Balance at 30 June 2019</b>	<u><u>96,968</u></u>	<u><u>34,812</u></u>	<u><u>19,357</u></u>	<u><u>85,993</u></u>	<u><u>237,130</u></u>

## Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
<b>12 Intangible assets</b>		
Licenses and franchises		
At cost	357,584	225,746
Accumulated amortisation	<u>(235,675)</u>	<u>(214,306)</u>
<b>Total intangibles</b>	<u><u>121,909</u></u>	<u><u>11,440</u></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	11,440	20,621
Additions	131,838	-
Amortisation	<u>(21,369)</u>	<u>(9,181)</u>
<b>Balance at 30 June 2018</b>	<u><u>121,909</u></u>	<u><u>11,440</u></u>

<b>13 Trade and other payables</b>		
Trade payables	65,175	104,627
Accrued expenses	3,650	3,550
GST payable	10,752	5,736
PAYG Withholding	7,800	6,510
Other payables	<u>1,236</u>	<u>1,905</u>
	<u><u>88,613</u></u>	<u><u>122,328</u></u>

## Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
<b>14 Borrowings</b>		
CURRENT		
Secured liabilities:		
Motor vehicle finance	<u>4,294</u>	<u>3,746</u>
	<u>4,294</u>	<u>3,746</u>
NON-CURRENT		
Secured liabilities:		
Motor vehicle finance	<u>11,078</u>	<u>14,997</u>
	<u>11,078</u>	<u>14,997</u>
<b>Total borrowings</b>	<u><u>15,372</u></u>	<u><u>18,742</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.

## 15 Tax

(a) Tax assets		
CURRENT		
Income tax receivable	<u>-</u>	<u>3,024</u>
	<u>-</u>	<u>3,024</u>
NON-CURRENT		
Deferred tax assets comprise:		
Accrued expenses	1,004	976
Provisions	24,177	17,233
Prepaid expenses	(1,356)	(1,295)
Other	(5,954)	(2,937)
	<u>17,871</u>	<u>13,977</u>
	<u><u>17,871</u></u>	<u><u>17,001</u></u>
(b) Tax liabilities		
CURRENT		
Income tax payable	<u>10,097</u>	<u>-</u>



## Avoca District Co-operative Limited

ABN: 82 022 501 598

### Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
<b>16 Employee benefits</b>		
CURRENT		
Provision for employee entitlements	<u>73,647</u>	<u>52,834</u>
	<u>73,647</u>	<u>52,834</u>
NON-CURRENT		
Provision for employee entitlements	<u>14,269</u>	<u>9,831</u>
	<u>14,269</u>	<u>9,831</u>
<b>Total employee benefits</b>	<u><u>87,916</u></u>	<u><u>62,665</u></u>
<b>17 Issued capital</b>		
20,866 (2018: 21,226) ordinary shares issued at \$20.00 each	<u><u>417,320</u></u>	<u><u>424,520</u></u>

#### Fully paid ordinary shares

	No.	No.
At the beginning of the reporting period	21,226	21,752
Shares issued during the year	10	10
Shares bought back during the year	<u>(370)</u>	<u>(536)</u>
At the end of the reporting period	<u><u>20,866</u></u>	<u><u>21,226</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.

#### 18 Lease commitments

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

	2019	2018
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	27,512	26,384
- between 1 year and 5 years	<u>19,547</u>	<u>34,796</u>
	<u><u>47,059</u></u>	<u><u>61,180</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. A new lease agreement was made for the Avoca branch premises for a term of 1 year effective from on the 1 February 2019. The option under the existing lease for the Maryborough branch premises was exercised for a term of 5 years effective from 1 November 2016.

## Avoca District Co-operative Limited

ABN: 82 022 501 598

# Notes to the Financial Statements

For the Year Ended 30 June 2019

### 19 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.

### 20 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.

### 21 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:

	2019	2018
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	567,476	526,070
Trade receivables	123,367	122,002
<b>Total financial assets</b>	<u>690,843</u>	<u>648,072</u>
<b>Financial liabilities</b>		
Borrowings	15,372	18,742
Trade payables	65,175	104,627
<b>Total financial liabilities</b>	<u>80,547</u>	<u>123,369</u>

### 22 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 2019 or 30 June 2018.

**Avoca District Co-operative Limited**

ABN: 82 022 501 598

**Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

**23 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.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Consultancy and design services were received from director, Ms D. Wardlaw (Bloom Creative Design)	<b>1,788</b>	-

**24 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**

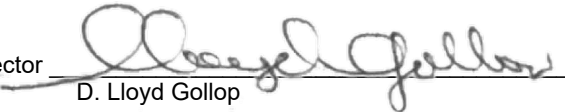
ABN: 82 022 501 598

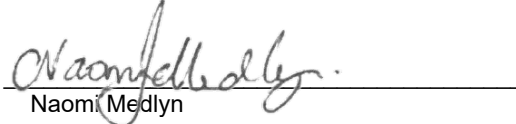
**Directors' Declaration**

The directors of the Co-operative declare that:

1. the financial statements and notes for the year ended 30 June 2019 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 2019 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   
Naomi Medlyn

Dated: 29 October 2019

**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 2019, 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 2019 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: 30 October 2019