

Annual Report 2023

Avoca District Co-operative
Limited

Community Bank
Avoca, Maryborough and St Arnaud
ABN 82 022 501 598

Introduction

The Community Bank Avoca, Maryborough and St Arnaud is a locally owned and operated bank that gives back the majority of its profits to the local community.

The Avoca District Co-operative Limited (ADCL) manages the Community Bank Avoca, Maryborough and St Arnaud and is part of the Bendigo Bank network.

ADCL entered into a franchise agreement with the Bendigo Bank to open the sixth Community Bank branch in Victoria in 1999. ADCL opened the Maryborough branch in 2006 and has managed the St Arnaud agency since 2010.

ADCL has been operational since 1999 and is made up of a Board of Directors who operate in a voluntary capacity with support from the Executive Officer.

Our professional branch team are passionate about helping customers achieve their financial goals.

We offer personal service and a full range of banking and financial products.

Community banking is based on a 'profit-with-purpose' model, which means our profits are returned directly to the community that has generated them.

To date, we have invested 1.9 million into the Avoca, Maryborough and St Arnaud communities.

Chair's Report



After twenty-six years of proudly serving the board of the Avoca District Co-operative, I am pleased to present this report for the year ending 30 June 2023.

As a Community Bank, our mission is to create opportunities to grow our business, forge strong and meaningful relationships and share the benefits of our success with all of our stakeholders.

As we reflect on the financial year, I am proud to highlight our achievements.

Joel Condon was recruited as Branch Manager in September. Joel has over 10 years of experience with the Bendigo Bank network and is committed to helping our community prosper.

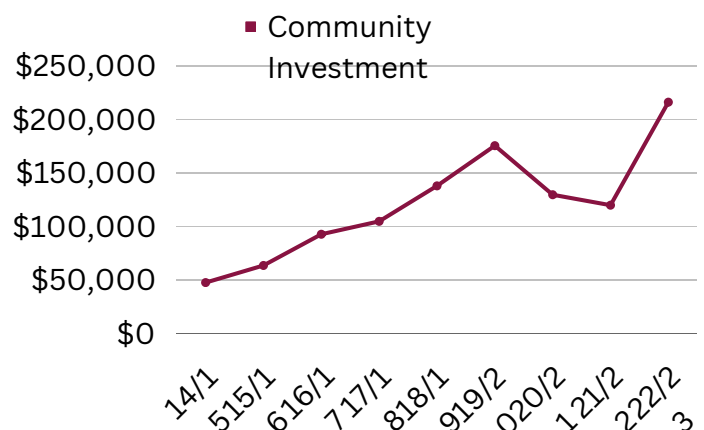
We thank Joel for his leadership and the stability he has provided the branch team.

We welcomed Jacqui as a new Customer Service Officer in July. Holly and Lewis both resigned throughout the year to pursue other interests, we thank them both for their valuable contribution.

After seeing the income per million (the income received for every footings million) drop below \$400 in April 2022, it was pleasing to see it increase above \$800 in April 2023.

Branch performance and increased interest rates allowed us to increase our community investment with \$216,144 returned to the community via sponsorships, grants and donations.

A \$44,241 grant program was completed via the Community Enterprise Foundation® with 11 projects funded.



Chair's Report

These contributions bring our community investment since 1999, a combination of grants, donations, sponsorships and dividends, to \$1.93 million.

Additionally, and most significantly, we were able to contribute a further \$1 million to the Community Enterprise Foundation® to provide funding for future grants.

The board continues to assess the banking needs within the community and ensure that we can provide appropriate services for our existing and potential customers, plus provide a suitable workplace for our branch staff.

At the time of writing this report, we are preparing for the relocation of our Avoca branch to 121 High St. While this space will be smaller than the current branch, full banking services will be maintained for the foreseeable future. I thank the community for their patience and understanding throughout the transition period.

I thank my fellow directors for their passion and dedication to the community and the business. Our volunteer directors are generous with their time and skills.

They drive the strategies that make the business a success, distribute the profits to the community and ensure we have a big local impact. I also thank Julie Driscoll, our Executive Officer, who provides support to our board and branch team.

Bendigo Bank's Community Bank network is one of the world's largest social enterprise-style businesses. We're proud to be a part of one of Australia's biggest banks, and one of the country's most trusted brands. To date, the network of Community Bank branches has returned \$320 million to Australian communities.

I urge you to continue to refer your family, friends and colleagues to Community Bank Avoca, Maryborough and St Arnaud. We're making great things happen for our customers and the community.

As always, thank you for being part of it.

Lloyd Gollop
Chairman

Branch Manager's Report



I am pleased and privileged to present my first Branch Manager Report for the Avoca District Co-operative Limited Annual Report.

I began with the Co-operative in September 2022, and have been an employee for 9 months of the 2023/2023 financial year. I've been very impressed with all aspects of the Co-operative during this short time.

Community Banks hold a unique position within the Australian banking landscape. I have worked in Community Banks for the past five years. The tangible difference a Community Bank has in their local community is the point of difference from our competition.

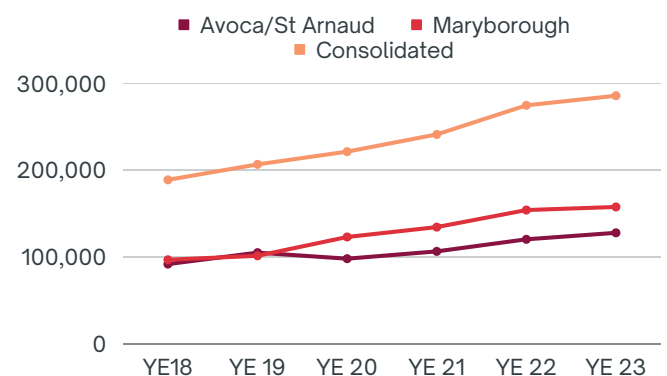
I have witnessed many clubs, groups and individuals benefit from the investment we make into the local community, this makes me extremely proud.

On 30 June 2023, our overall footings were standing at \$285 million, an increase of \$11 million on the figure at the same time last year.

Highlights included:

- Branch lending growth achieved
- Rural and wealth growth achieved
- Insurance activity and sales targets achieved
- Our wealth 'managed fund' and 'superannuation' targets were also achieved.

Footings Year End Balances
Figures reported in '\$'000's



Another pleasing aspect was the branch's attentiveness and diligence to risk and compliance. This requirement is significantly important, the branch team has a sound understanding and willingness to continually do the right thing in this space. This is not only a credit to the current team, but all previous staff members who have helped create and maintain this culture within the business.

Branch Manager's Report

The Board and all of our staff have contributed significantly to a very successful 2022/23 financial year and I want to thank them all for their commitment to our business and communities.



I would like to thank some individuals for their contribution to our business. I begin with the branch team who are all fantastic. I was very lucky to inherit a committed and hardworking team comprising of Aley Earl, Kristy Jones, Deanne McCarthy, Nancye Hiller, Courtney Norton, Zoe McHugh, James Ritter, Rebekah Powell and Julie Driscoll. In June, we were pleased to recruit Jacqui Thomson and she has added positively to the team.

The team environment in the branch, thanks to the staff, is very harmonious, united and dedicated to our customers and their financial wellbeing.

All staff demonstrate strong values and care for our business which enable the branch to achieve strong results for the benefit of our community.

It would be remiss of me not to mention and thank Lewis Pattern and Holly Beavis who left our business in the past 12 months. I want to express my thanks for their years of service and wish them all the best in their future endeavours.

I thank our Rural Bank team, led by Tania Curry, Catherine Miller and Stuart Bear, for their valued contribution to agri-business. The rural team are always happy to lend a hand and provide guidance. The service they provide is crucial considering the communities we serve, and I look forward to a prosperous future working together.



Branch Manager's Report

While the branch team has achieved many significant milestones during the past year, I acknowledge that this year is going to be very challenging. The banking industry and the way our customers bank is changing faster than ever before. Our branch is committed to ensuring flexibility and mobility to stay relevant to our customers while we continue to provide an excellent level of banking services to the community. We will be meeting those challenges to ensure our continued growth which will allow the Co-operative to continue its community investment.

I'd also like to thank the support given to the branch by Chair Lloyd Gollop and the board of directors. They play a significant vital role in advocating the branch in the community and supporting us with governance, strategic direction and as a sounding board for our ideas.



I also thank our Regional Manager, Shaun Leech, and the team at the regional office in Bendigo for their support.

Finally, it's a big thank-you to our valued customers for everything they contribute to our success. Without them, we wouldn't be here making such a positive impact in the community. Our customers are greatly valued, and I want to thank each one for the support they give us.

Joel Condon



Community Contributions

Since our establishment in 1999, Community Bank Avoca, Maryborough and St Arnaud has been committed to investing in the development of strong connected and vibrant communities. This is achieved via grants, sponsorships and donations.

In 2022-23 we supported 72 projects with an investment of over \$216,000 making this our largest annual investment to date.

\$216K

invested via grants,
sponsorships and
donations

72

Projects supported

\$1.9m

community
contributions since
1999



Arts/Culture
\$21k



Facilities
\$80k



Education
\$34k



Emergency
\$35k



Health
\$35k



Sport
\$35k



Community Contributions

Asteria Services Inc	Lord Nelson Fundraising Group	Royal Park Football Netball Club
Avoca & District Historical Society Inc	Maryborough Basketball Association	St Arnaud Action Network (SCAN)
Avoca Cemetery Trust	Maryborough Castlemaine District Football Netball League	St Arnaud Agricultural Society Inc
Avoca Country Golf Bowls Club	Maryborough Community House	St Arnaud Arts Council-ArtSpace group
Avoca Cricket Club	Maryborough Cricket Club	St Arnaud Football Club
Avoca Football Netball Club	Maryborough District Health Services	St Arnaud Lions Club
Avoca Primary School	Maryborough Education Centre	St Arnaud Netball Club
Avoca Riverside Market	Maryborough Family History Group Inc	St Arnaud Pharmacy
Avoca Riverside Market	Maryborough Football Netball Club	St Arnaud Secondary College
Avoca Shire Turf Club	Maryborough Harness Racing Club	St Arnaud Senior Citizens
Avoca Sporting & Recreation Committee of Management Inc.	Maryborough Highland Society	St Arnaud Stadium
Best Lamb Best Wool - Pyrenees Group	Maryborough Horse Riding Club	St Arnaud Tennis Club
Carisbrook Bowling Club	Maryborough Theatre Company	St Arnaud Turf Club
Carisbrook Football Netball Club	Mill House	St Arnaud Young Farmers
Central Goldfields Shire	Natte Bealiba Football Netball Club	St Augustines Primary School
Central Grampians LLEN	Pebble Church	Talbot Bowls Club
Central Victorian Apiarists Association Inc	Pyrenees Community Food Pantry	Talbot Football Netball Club
Kooreh Memorial Hall Committee Incorporated	Pyrenees Grapegrowers & Winemakers	Zonta Club Maryborough

Avoca District Co-operative Limited

ABN: 82 022 501 598

Financial Statements

For the Year Ended 30 June 2023

Contents
For the Year Ended 30 June 2023

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	34
Independent Audit Report	35

Avoca District Co-operative Limited

ABN: 82 022 501 598

Directors' Report For the Year Ended 30 June 2023

The directors present their report on Avoca District Co-operative Limited for the financial year ended 30 June 2023.

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
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
Kristopher Meuwissen	Appointed as a director on 3 September 2023 Qualifications and experience: Financial advisor and business owner Interest in shares and options: Owner of 10 shares
Naomi Medlyn	Qualifications and experience: CPA and Business Owner Interest in shares and options: Owner of 10 shares
Sarah Broad	Qualifications and experience: Administration Interest in shares and options: Owner of 10 shares
Scott Wilson	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 2023

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 Community Bank in Avoca, Maryborough and St Arnaud sites, 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

In line with the current banking trends, the Co-Operative's turnover increased significantly for the 2022/23 financial year, putting the Co-Operative in a position to fund extra capital and community projects and inject a sizeable contribution into the Community Enterprise Foundation. This contribution will fund the \$250,000 Community Grant round in the latter half of the 2023 year and allow for future grant rounds and other community projects.

After tax, the Co-Operative declared a profit of \$78,261 as detailed below:

	2023	2022
	\$	\$
Profit before tax and advertising, marketing and sponsorships	1,255,917	135,704
Less grants, marketing and sponsorship	(44,512)	(30,106)
Less Community Enterprise Foundation contributions	(1,105,983)	(52,632)
Profit before tax	105,422	52,966
Less income tax expense	(27,161)	(14,470)
Profit attributable to members of the Co-operative	78,261	38,496

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 10% fully franked dividend is recommended for payment out of retained earnings in relation to the year ended 30 June 2023.

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.

Avoca District Co-operative Limited

ABN: 82 022 501 598

Directors' Report

For the Year Ended 30 June 2023

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.

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.

Co-operative 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. Since October 2019, Julie has also performed the role of the Executive Officer of the Co-Operative.

Meetings of directors

During the financial year, 12 meetings of directors (in addition to various director committee commitments) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
D. Lloyd Gollop	12	11
Graeme J. Porter	12	9
Dianne Thiele	12	10
Donna Wardlaw	12	12
Kate Ashton	12	10
Kristopher Meuwissen	-	-
Naomi Medlyn	12	10
Sarah Broad	12	9
Scott Wilson	12	9

Avoca District Co-operative Limited

ABN: 82 022 501 598

Directors' Report

For the Year Ended 30 June 2023

Indemnification and insurance of officers and auditors

No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or auditor of Avoca District Co-operative Limited. During the financial year the Co-operative has paid a premium in respect 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 the Co-operative

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

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2023 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: 2 November 2023

Avoca District Co-operative Limited

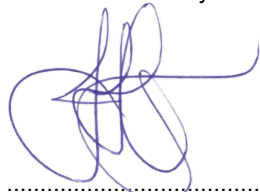
ABN: 82 022 501 598

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 2023, 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.

CountPro Audit Pty Ltd
CountPro Audit Pty Ltd



Jason Hargreaves
Director

180 Eleanor Drive, Lucas, VIC 3350

Dated: 24 October 2023

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2023

		2023	2022
	Note	\$	\$
Revenue and other income	4	2,426,394	1,409,070
Administration expenses	5	(95,365)	(109,761)
Depreciation and amortisation	6	(75,859)	(75,558)
Employment expenses	7	(798,335)	(886,827)
Finance costs	8	(4,110)	(2,787)
Information technology costs		(36,724)	(41,648)
Motor vehicle expenses		(10,913)	(8,625)
Occupancy costs		(59,396)	(52,328)
Service delivery costs		(89,435)	(76,154)
Loss on disposal of assets		(340)	(19,678)
Operating profit before advertising, marketing and sponsorships		1,255,917	135,704
Marketing, sponsorship and community contributions	9	(1,150,495)	(82,738)
Profit before income tax		105,422	52,966
Income tax expense	10	(27,161)	(14,470)
Profit for the year		78,261	38,496
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		78,261	38,496

Avoca District Co-operative Limited

ABN: 82 022 501 598

Statement of Financial Position**As at 30 June 2023**

		2023	2022
	Note	\$	\$
Assets			
Current assets			
Cash and cash equivalents	13	1,123,640	748,182
Trade and other receivables	14	310,874	149,591
Other assets	15	7,831	8,693
Total current assets		1,442,345	906,466
Non-current assets			
Property, plant and equipment	16	349,377	235,142
Intangible assets	17	12,640	39,008
Deferred tax assets	19(a)	-	4,278
Total non-current assets		362,017	278,428
Total assets		1,804,362	1,184,894
Liabilities			
Current liabilities			
Trade and other payables	18	655,626	154,268
Current tax liabilities	19(b)	5,402	1,398
Employee benefits	21	59,024	60,114
Lease liabilities	20(b)	17,895	15,747
Total current liabilities		737,947	231,527
Non-Current Liabilities			
Deferred tax liabilities	19(c)	10,239	-
Employee benefits	21	1,117	2,108
Lease liabilities	20(b)	57,760	10,735
Total non-current liabilities		69,116	12,843
Total liabilities		807,063	244,370
Net assets		997,299	940,524
Equity			
Issued capital	22	391,120	392,920
Retained earnings		606,179	547,604
Total equity		997,299	940,524

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 2023****2023**

	Issued capital	Retained earnings	Total
Note	\$	\$	\$
Balance at 1 July 2022	392,920	547,604	940,524
Profit attributable to members of the Co-operative	-	78,261	78,261
Shares bought back during the year	(1,800)	-	(1,800)
Dividends paid or provided for	23(a) -	(19,686)	(19,686)
Balance at 30 June 2023	391,120	606,179	997,299

2022

	Issued capital	Retained earnings	Total
Note	\$	\$	\$
Balance at 1 July 2021	395,720	528,754	924,474
Profit attributable to members of the Co-operative	-	38,496	38,496
Shares bought back during the year	(2,800)	-	(2,800)
Dividends provided for or paid	23(a) -	(19,646)	(19,646)
Balance at 30 June 2022	392,920	547,604	940,524

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
Cash flows from operating activities:		
Receipts from customers	2,538,056	1,513,508
Payments to suppliers and employees	(2,074,710)	(1,439,337)
Interest received	24,763	5,676
Interest paid	-	(226)
Income taxes paid	(8,640)	8,229
Net cash provided by operating activities	27 479,469	87,850
Cash flows from investing activities:		
Payments for property, plant and equipment	(82,445)	(35,799)
Net cash used in investing activities	(82,445)	(35,799)
Cash flows from financing activities:		
Payments for shares bought back	(1,800)	(2,800)
Repayment of borrowings	-	(6,980)
Dividends paid	(19,766)	(19,636)
Net cash used in financing activities	(21,566)	(29,416)
Net increase in cash and cash equivalents held	375,458	22,635
Cash and cash equivalents at beginning of year	748,182	725,547
Cash and cash equivalents at end of financial year	13 1,123,640	748,182

Notes to the Financial Statements

For the Year Ended 30 June 2023

The financial report covers Avoca District Co-operative Limited as an individual entity. Avoca District Co-operative Limited is a Co-operative limited by shares, incorporated and domiciled in Australia and is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The functional and presentation currency of Avoca District Co-operative Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 24 October 2023.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures and the requirements of the *Corporations Act 2001* and the *Co-operatives National Law*.

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.

2 Summary of significant accounting policies

(a) Comparative figures

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

(b) 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 2023

2 Summary of significant accounting policies

(b) 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:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Furniture, Fixtures and Fittings	5-40%
Motor Vehicles	25-30%
Computer Equipment and Software	25-50%
Leasehold improvements	2.5-40%

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

(c) 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 2023

2 Summary of significant accounting policies

(c) 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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of significant accounting policies

(c) Financial instruments

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.

(d) 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.

(e) 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.

(f) 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.

(g) Leases

At inception of a contract, the Co-operative assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Co-operative has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Co-operative has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of significant accounting policies

(g) Leases

Right-of-use asset

At the lease commencement, the Co-operative recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Co-operative believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lessee accounting

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Co-operative's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Co-operative's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(h) Employee entitlements

Short-term employee benefits

Provision is made for the Co-operative's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related service, including wages, salaries, annual leave and long service leave.

The liability for annual leave and long service leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables. Provision is made for the Co-operative's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been recorded as current liabilities in the statement of financial position and are measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Long-term employee benefits

Provision is made for the Co-operative's obligation for long-term employee benefits. Long-term employee benefits are benefits not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service including annual leave and long service leave. Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of significant accounting policies

(h) Employee entitlements

and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are treated as short-term employee benefits and are presented as current provisions.

In the prior year the Co-operative had recorded a provision for sick leave entitlements on behalf of employees. No amount has been provided for in the current year as the obligation to meet the obligation only arises at the point in time that an employee accesses the leave entitlements and as a result the amounts form part of the normal employment expenses of the Co-operative.

(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.

(j) Revenue and other income

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Co-operative expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

All revenue is stated net of the amount of goods and services tax (GST).

Revenue from contracts with customers

The Co-operative has in place franchise agreements with Bendigo & Adelaide Bank Limited. The Co-operative delivers banking and financial services of Bendigo & Adelaide Bank Limited to the community. The franchise agreement provides for a share of interest, fee and commission revenue earned under the agreement. Interest margin is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the Co-operative's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the Co-operative's right to receive payment is established.

The Co-operative acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of significant accounting policies

(j) Revenue and other income

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 *Revenue from Contracts with Customers*, revenue recognition for the Co-operative's revenue stream is as follows:

<u>Revenue</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
Franchise agreement profit share	Margin, commission and fee income	When the Co-operative satisfies it's obligation to arrange for the services to be provided to the customer by the franchisor	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the Co-operative - margin, commission and fee income. Bendigo & Adelaide Bank Limited decides the form of revenue the Co-operative earns on different types of products and services.

The revenue earned by the Co-operative is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

- interest paid by customers on loans less interest paid to customers on deposits,
- plus any deposit returns i.e. interest return applied by Bendigo & Adelaide Bank Limited,
- minus any costs of funds i.e. interest applied to fund a loan.

The Co-operative is entitled to a share of the margin earned by Bendigo & Adelaide Bank Limited. If the margin is a loss, the Co-operative incurs a share of that loss.

Commission

Commission revenue is in the form of commission generated for products and services sold. The commission revenue is recognised at a point in time which reflects when the Co-operative has fulfilled its performance obligation.

The Co-operative receives upfront and trailing commission for products and services sold. The upfront commission is recognised when the performance obligation has been met. Ongoing trailing commissions are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the Co-operative and is a significant judgement area.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo & Adelaide Bank Limited including fees for loan applications and account transactions.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of significant accounting policies

(j) Revenue and other income

Core banking products

Bendigo & Adelaide Bank Limited has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo & Adelaide Bank Limited branded home loans, term deposits and at call deposits.

Ability to change financial return

Under the franchise agreement, Bendigo & Adelaide Bank Limited may change the form and amount of financial return that the Co-operative receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo & Adelaide Bank Limited earns its revenues.

The change may be to the method of calculation of margin, the amount of the margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the Co-operative receives on a particular product or service. The effect of the change on the revenue earned by the Co-operative is entirely dependent on the change.

Bendigo & Adelaide Bank Limited must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo & Adelaide Bank Limited's margin at that time. For other products and services there is no restriction on the change Bendigo & Adelaide Bank Limited may make.

Other income

The Co-operative's activities include generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Co-operative and can be reliably measured.

Revenue

Dividend and distribution income

Discretionary financial contributions (Market Development Fund)

Government stimulus

Other income

Revenue recognition policy.

Dividend and distribution income is recognised when the right to receive the payment is established.

Market development fund income is recognised when the right to receive the payment is established. Market development fund income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.

Government stimulus is comprised of cash flow boost amounts and are recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).

All other revenues that did not contain contracts with customers are recognised as the goods and services are provided.

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank & Adelaide Bank Limited has also made Market Development Fund (MDF) payments to the Co-operative. The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF revenue.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of significant accounting policies

(j) Revenue and other income

The payments from Bendigo & Adelaide Bank Limited are discretionary and may change the amount or stop making them at any time. The Co-operative retains control over the funds, the funds are not refundable to Bendigo & Adelaide Bank Limited.

(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) 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 2023

3 Critical accounting estimates and judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - estimated useful life and impairment of assets

The Co-operative determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The required depreciation and amortisation charges will increase where useful lives are less than previously estimated.

The Co-operative assesses impairment of assets at the end of each reporting period by evaluating the conditions and events specific to the Co-operative that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate assumptions of the economic benefits expected to be received through the use of the assets.

Key estimates - employee benefit provisions

The Co-operative uses estimates to determine the current value of future obligations for employee benefits. The estimates are based on assumptions of future wage growth and consumer price index movements. The likelihood of employees reaching a period of service resulting in the employee benefits becoming unconditional and when an employee benefit obligation is likely to be settled are also estimated.

Key estimates - revenue recognition

The Co-operative exercises judgement in determining the amounts and timing of revenue to be recognised in the reporting period in accordance with the accounting policies.

Key estimates - lease classification

The Co-operative exercises judgement in determining;

- whether a contract is or contains a lease;
- whether the Co-operative has a right to direct use of the identified asset;
- whether the Co-operative obtains substantially all the economic benefit from the use of the asset;
- whether the Co-operative is reasonably certain to exercise extension options; and
- the discount rate, where the implicit rate cannot be readily determined.

Key estimates - income tax

The Co-operative is subject to income tax and significant judgement is required in determining the recognition of deferred tax assets. Deferred tax assets are only recognised which it is considered sufficient future profits will be generated to make use of the deferred tax asset. The estimates of future profits is based on the Co-operative's assessment of expected future cash flows.

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023 \$	2022 \$
4 Revenue and other income		
Revenue from contracts with customers		
Provision of services	<u>2,372,017</u>	<u>1,370,751</u>
	<u>2,372,017</u>	<u>1,370,751</u>
Other income		
Market development fund income	14,167	28,750
Government stimulus payments	-	-
Contractor income	2,241	3,142
Interest received	36,619	5,129
Rent contributions	<u>1,350</u>	<u>1,298</u>
	<u>54,377</u>	<u>38,319</u>
	<u>2,426,394</u>	<u>1,409,070</u>
Disaggregation of revenue from contracts with customers		
(a) Timing of revenue recognition		
At a point in time	<u>2,372,017</u>	<u>1,370,751</u>
	<u>2,372,017</u>	<u>1,370,751</u>
(b) Type of contract		
Margin income	1,989,550	970,302
Commission income	287,293	304,021
Fee income	<u>95,174</u>	<u>96,428</u>
	<u>2,372,017</u>	<u>1,370,751</u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$	\$
5 Administration expenses		
Accounting fees	21,068	19,070
Advertising	4,561	3,255
Audit fees	4,450	4,100
Consultancy fees	13,180	7,950
Insurances	8,187	33,110
Legal fees	7,365	1,556
Printing and stationery	9,526	10,218
Postage and freight	6,986	7,649
Telephone	7,024	8,042
Other administration expenses	13,018	14,811
	<u>95,365</u>	<u>109,761</u>
6 Depreciation and amortisation		
Buildings	1,705	1,728
Furniture, fixtures & fittings	8,265	8,545
Motor vehicles	3,374	2,341
Leasehold improvements	3,194	3,190
Intangibles	26,368	26,368
Right-of-use assets	32,953	33,386
	<u>75,859</u>	<u>75,558</u>
7 Employment expenses		
Wages and salaries	669,260	752,087
Directors fees	14,400	14,400
Superannuation contributions	70,890	73,441
Staff training	8,800	12,168
Staff uniforms	8,089	9,160
Fringe benefits tax	2,192	4,985
Movement in provision for employee entitlements	9,091	(5,855)
Other employment expenses	15,613	26,441
	<u>798,335</u>	<u>886,827</u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$	\$
8 Finance costs		
Interest - motor vehicle	-	226
Interest - right-of-use assets	4,110	2,561
	<u>4,110</u>	<u>2,787</u>
9 Marketing, sponsorship and community contributions		
Sponsorship and community contributions		
Avoca Cricket Club	70	70
Avoca Football & Netball Club	1,000	1,000
Avoca Shire Turf Club	455	500
Carisbrook Football Netball Club	1,000	1,000
Maryborough Community House	-	136
Lord Nelson Fundraising Group	-	3,000
Maryborough & Castlemaine Football Netball League	6,000	-
Maryborough District Health Services	2,000	-
Maryborough Education Centre	182	600
Maryborough Football Netball Club	1,228	1,000
Maryborough Harness Racing Club	3,000	5,000
Pyrenees Grapegrowers & Winemakers	3,000	3,000
Royal Park Football Netball Club	1,000	1,250
St Arnaud Football Club	2,000	2,000
St Arnaud Community Action Network	1,350	1,300
St Arnaud Senior Citizens	1,000	-
Talbot Football Netball Club	1,160	910
Maryborough Cricket Club	500	-
Maryborough Highland Society	1,500	-
Maryborough Basketball Association	1,818	-
Pebble Church Heritage Association	680	-
Pyrenees Food Pantry	146	-
St Arnaud Young Farmers	2,000	-
St Arnaud Netball Club	364	-
Other community contributions	215	-
	<u>31,668</u>	<u>20,766</u>
Marketing	12,844	9,340
	<u>44,512</u>	<u>30,106</u>
Community Enterprise Foundation	1,105,983	52,632
	<u>1,150,495</u>	<u>82,738</u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$	\$
10 Income tax expense		
(a) The components of tax expense comprise:		
Current tax	12,645	9,469
Deferred tax	14,516	5,001
	<u>27,161</u>	<u>14,470</u>
(b) The prima facie tax on profit before income tax expense is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	26,356	13,243
Add tax effect of non-deductible depreciation and amortisation	353	353
Add tax effect of non-deductible expenses	452	874
Income tax expense	<u>27,161</u>	<u>14,470</u>
11 Auditors' Remuneration		
Remuneration of the auditors of the Co-operative, CountPro Audit Pty Ltd, for:		
- Auditing the financial statements	4,450	4,100
	<u>4,450</u>	<u>4,100</u>
Remuneration of related entity, CountPro Pty Ltd, for:		
- Accounting and other non-assurance services	20,405	19,070
	<u>20,405</u>	<u>19,070</u>
	<u>24,855</u>	<u>23,170</u>

Accounting and other non-assurance services include financial statement preparation and a range of accounting and taxation services. Phillip Brown, Director of CountPro Pty Ltd, is engaged to provide these services. No person involved in the provision of audit services is involved in the provision of non-assurance services to the Company.

Notes to the Financial Statements**For the Year Ended 30 June 2023****12 Key management personnel disclosures**

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

The total remuneration paid to directors of the Co-operative is \$14,400 (2022: \$14,400).

(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.

	2023	2022
	\$	\$
13 Cash and cash equivalents		
Cash at bank	43,898	106,624
Short-term bank deposits	1,079,742	641,558
	<u>1,123,640</u>	<u>748,182</u>
14 Trade and other receivables		
Trade receivables	237,276	147,928
GST receivable	60,078	-
Accrued income	13,520	988
Other receivables	-	675
	<u>310,874</u>	<u>149,591</u>
15 Other assets		
Prepayments	7,831	8,693
	<u>7,831</u>	<u>8,693</u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023 \$	2022 \$
16 Property, plant and equipment		
Land and buildings		
At cost	121,638	121,638
Accumulated depreciation	(31,654)	(29,949)
	<u>89,984</u>	<u>91,689</u>
Office furniture and equipment		
At cost	237,116	214,214
Accumulated depreciation	(188,446)	(180,181)
	<u>48,670</u>	<u>34,033</u>
Motor vehicles		
At cost	74,588	29,585
Accumulated depreciation	(24,601)	(22,562)
	<u>49,987</u>	<u>7,023</u>
Leasehold improvements		
At cost	170,721	157,856
Accumulated depreciation	(83,484)	(80,290)
	<u>87,237</u>	<u>77,566</u>
Right-of-use to land and buildings		
At cost	113,681	80,468
Accumulated depreciation	(40,182)	(55,637)
	<u>73,499</u>	<u>24,831</u>
Total property, plant and equipment	<u><u>349,377</u></u>	<u><u>235,142</u></u>

Avoca District Co-operative Limited

ABN: 82 022 501 598

Notes to the Financial Statements

For the Year Ended 30 June 2023

16 Property, plant and equipment

(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 financial year:

	Land and buildings \$	Office furniture and equipment \$	Motor vehicles \$	Leasehold improvements \$	Right-of-use to land and buildings \$	Total \$
Year ended 30 June 2023						
Balance at the beginning of year	91,689	34,033	7,023	77,566	24,831	235,142
Additions	-	22,902	46,678	12,865	81,621	164,066
Disposals at written down value	-	-	(340)	-	-	(340)
Depreciation expense	(1,705)	(8,265)	(3,374)	(3,194)	(32,953)	(49,491)
Balance at the end of the year	89,984	48,670	49,987	87,237	73,499	349,377
Year ended 30 June 2022						
Balance at the beginning of year	93,417	27,825	9,364	79,389	39,905	249,900
Additions	-	14,953	-	20,845	19,260	55,058
Disposals at written down value	-	(200)	-	(19,478)	(948)	(20,626)
Depreciation expense	(1,728)	(8,545)	(2,341)	(3,190)	(33,386)	(49,190)
Balance at the end of the year	91,689	34,033	7,023	77,566	24,831	235,142

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$	\$
17 Intangible assets		
Licenses and franchises		
At cost	357,584	357,584
Accumulated amortisation	(344,944)	(318,576)
Total intangibles	12,640	39,008

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the financial year:

Balance at the beginning of the year	39,008	65,376
Amortisation	(26,368)	(26,368)
Balance at the end of the year	12,640	39,008

18 Trade and other payables

Trade payables*	640,445	86,469
Accrued expenses	5,696	4,100
GST payable	-	20,999
PAYG Withholding	7,800	11,156
Superannuation payable	-	363
Franchise fees payable	-	30,094
Dividend payable	110	190
Other payables	1,575	897
	655,626	154,268

* Trade payables as at 30 June 2023 include \$578,947 of Community Enterprise Foundation contributions.

Notes to the Financial Statements

For the Year Ended 30 June 2023

19 Tax

(a) Deferred tax asset

Deferred tax assets comprise the tax effect of:

	2023 \$	2022 \$
Accrued expenses	-	1,115
Provisions	-	15,556
Prepaid expenses	-	(2,173)
Right-of-use asset	-	413
Land, buildings and intangible assets	-	(10,633)
	<u>-</u>	<u>4,278</u>

(b) Current tax liabilities

Income tax payable

5,402	1,398
<u>5,402</u>	<u>1,398</u>

(c) Deferred tax liability

Deferred tax liabilities comprise the tax effect of:

Accrued expenses	(1,113)	-
Provisions	(15,035)	-
Prepaid expenses	1,958	-
Right-of-use asset	(539)	-
Land, buildings and intangible assets	24,968	-
	<u>10,239</u>	<u>-</u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

20 Leases

Co-operative as a lessee

The Co-operative has operating leases over the branch premises in Avoca and Maryborough and for the St Arnaud Railway. Lease payments are increased on an annual basis in line with the consumer price index or terms of the lease agreement. A new lease commenced for the relocation of the Avoca branch premises on 1 March 2023 for a term of 5 years. No further options remained under the existing lease for the Avoca branch premises and a monthly lease is in place. The option under the existing lease for the Maryborough branch was exercised for a term of 1 year effective from 1 November 2022. The lease for the St Arnaud Railway commenced on 1 July 2019 and a sub-lease was entered into with the St Arnaud Railery Hub Inc. who pay the Co-operative amounts equal to the lease payments.

	2023 \$	2022 \$
(a) Right-of-use assets		
Balance at the beginning of the year	24,831	39,905
Asset recognition	61,698	19,260
Depreciation charge	(32,953)	(33,386)
Revaluation of right-of-use assets	19,923	(948)
	<u>73,499</u>	<u>24,831</u>
(b) Lease liabilities		
Current		
Lease of premises	17,895	15,747
	<u>17,895</u>	<u>15,747</u>
Non-current		
Lease of premises	57,760	10,735
	<u>57,760</u>	<u>10,735</u>
	<u>75,655</u>	<u>26,482</u>

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in the Statement of Financial Position \$
2023					
Lease liabilities	24,198	57,200	-	81,398	75,655
2022					
Lease liabilities	16,971	5,399	12,149	34,519	26,482

Notes to the Financial Statements

For the Year Ended 30 June 2023

2023	2022
\$	\$

(c) Statement of profit or loss

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

Depreciation of right-of-use assets	32,953	33,386
Interest expense	4,110	2,561
	37,063	35,947

21 Employee benefits

Current

Provision for employee entitlements	59,024	60,114
	59,024	60,114

Non-current

Provision for employee entitlements	1,117	2,108
	1,117	2,108

Total employee benefits	61,258	62,222
--------------------------------	---------------	--------

22 Issued capital

19,556 (2022: 19,646) ordinary shares issued at \$20.00 each	391,120	392,920
--	----------------	---------

2023	2022
No.	No.

Fully paid ordinary shares

Balance at the beginning of the year	19,646	19,786
Shares bought back during the year	(90)	(140)
Balance at the end of the year	19,556	19,646

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.

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023 \$	2022 \$
23 Dividends		
(a) Dividends and distributions paid		
Final franked ordinary dividends of \$1.00 per share (2022: \$1.00 per share) were paid or provided for during the year	19,626	19,646
Final franked ordinary dividends paid relating to prior years	60	-
	<u>19,686</u>	<u>19,646</u>

Franked dividends declared or paid during the year were franked at the tax rate of 25% (2022: 25%).

(b) Franking account

The franking credits available for subsequent financial years	<u>356,656</u>	<u>353,622</u>
---	----------------	----------------

The above available balance is based on the dividend franking account at year end adjusted for franking credits that will arise from the payment of the current tax liabilities and franking debits that will arise from the payment of dividends recognised as a liability at the year end. The ability to use the franking credits is dependent upon the Co-operatives future ability to declare dividends.

24 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.

25 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.

26 Financial risk management

	2023 \$	2022 \$
Financial assets		
Held at amortised cost:		
Cash and cash equivalents	1,123,640	748,182
Trade receivables	237,276	147,928
Total financial assets	<u>1,360,916</u>	<u>896,110</u>
Financial liabilities		
Held at amortised cost:		
Trade payables	640,445	86,469
Total financial liabilities	<u>640,445</u>	<u>86,469</u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$	\$
27 Cashflow information		
Reconciliation of result for the year to cashflows from operating activities		
Operating profit from ordinary activities	78,261	38,496
- depreciation and amortisation	75,859	75,558
- net (profit)/loss on disposal of property, plant and equipment	340	19,678
- borrowing costs	-	91
- (increase)/decrease in trade and other receivables	(93,081)	(26,974)
- (increase)/decrease in other assets	(62,542)	(63,807)
- (increase)/decrease in prepayments	862	(2,772)
- increase/(decrease) in trade and other payables	463,330	30,858
- increase/(decrease) in income taxes payable	18,521	22,699
- increase/(decrease) in employee benefits	(2,081)	(5,977)
Cashflow from operations	<u>479,469</u>	<u>87,850</u>

28 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 2023 or 30 June 2022.

29 Events occurring after the reporting date

The financial report was authorised for issue on _____ by the board of directors.

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

30 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 12: Remuneration and retirement benefits.

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.

31 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

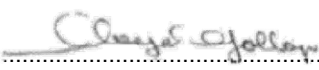
ABN: 82 022 501 598

Directors' Declaration

The directors of the Co-operative declare that:

1. the financial statements and notes for the year ended 30 June 2023 as set out on pages 6 to 33 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Simplified Disclosures; and
 - b. give a true and fair view of the financial position and performance of the Co-operative as at 30 June 2023 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: 2 November 2023

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 2023, 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 2023 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures 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 - Simplified Disclosures 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

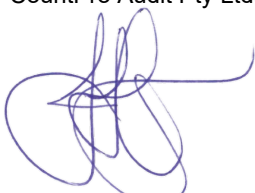
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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.

CountPro Audit Pty Ltd
CountPro Audit Pty Ltd



Jason D. Hargreaves
Director

180 Eleanor Drive, Lucas, VIC, 3350

Dated: 3 November 2023

Community Bank · Avoca
121 High Street,
Avoca VIC 3467
Phone: 5465 3804
Email: avoca@bendigoadelaide.com.au
Web: bendigobank.com.au/avoca

Community Bank · Maryborough
52-54 Tuaggra Street,
Maryborough VIC 3465
Phone: 5461 4383
Email: maryborough@bendigoadelaide.com.au
Web: bendigobank.com.au/maryborough

St Arnaud Agency
Napier Street,
St Arnaud VIC 3550

Franchisee: Avoca District Co-operative Limited
ABN: 82 022 501 598
PO Box 81
Avoca 3467
Phone: 0411 234 800
Email: secretary@avocacoop.com.au

 [communitybankavocamaryboroughstarnaud](https://www.facebook.com/communitybankavocamaryboroughstarnaud)

 [communitybankavocamaryborough](https://www.instagram.com/communitybankavocamaryborough)

This Annual Report has been printed on 100% Recycled Paper

