



# ANNUAL REPORT

of

**Yackandandah Community Development  
Company Limited**

ABN 45 099 899 886

For the year ended 30 June 2012

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## Directors' Report

The Directors present the Annual Report of Yackandandah Community Development Company Limited (YCDCo or the Company) to shareholders, together with the financial report for the year ended 30 June 2012 and the auditor's report thereon.

### Principal Activities

The principal activities of the Company during the course of the period were that of sales of petroleum, rural supplies, hardware, produce and associated products. The Company sells a range of non-fuel products which are normally associated with a service station.

### Operating and Financial Review

The Directors are disappointed to report a result only marginally better than break-even for the 12 months ending 30 June 2012. Following decisions taken in the prior financial year, the Company achieved improved gross margins in all its major product lines in the 2011/12 financial year.

### Financial Result

The Company reports an operating profit before tax of \$18,101 for the year ended 30 June 2012. This compares to an operating profit before tax of \$7,299 for the year ended 30 June 2011.

### Financial Reports

Detailed audited financial statements for the year ended 30 June 2012 are included in this Annual Report.

### Dividends

No dividend was declared or paid during the reporting period.

### Share Value

As an unlisted public company, shares in YCDCo are not publicly traded on a stock exchange. This means the value of the shares is not subject to the inevitable market-driven fluctuations which this would lead to.

The value (or "Transfer Price") of shares in YCDCo is defined in section 29.3 of the Constitution as "... the net asset backing attributed to the share calculated by reference to the last audited statement of the Company."

In accordance with clause 29.3 of the Constitution, the "Share Transfer Price" calculation is provided below:

Net Equity (see Balance Sheet as at 30 June 2012)	\$453,372
Number of shares on issue (as at 30 June 2012)	4,231
Share Transfer Price (net asset backing per share)	\$107.15

The Share Transfer Price as reported in last year's Annual Report was \$104.22.

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## Directors' Report (continued)

### State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs that occurred during the financial period under review.

### Events subsequent to Balance Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### Likely Developments

Other than those arising from an ongoing review of expansion opportunities there are no significant likely developments not otherwise disclosed in this report.

### Derivatives and other financial instruments

The Company was not exposed to any derivatives during the year. The Company is exposed to credit, liquidity and cash flow risks from its operations. The Company has a strict credit policy for all customers trading on credit terms, and only deals with reputable financial institutions.

Financing facilities and operating cash flows are managed by monthly board review to ensure the Company is not exposed to any adverse liquidity risks.

## Directors' Report (continued)

### Directors

The directors of the Company at any time during or since the end of the financial period are:

Phillip Andrew Newman (Chairperson)  
Age: 51  
Occupation: Librarian  
Director since: January 2010

Ewen James Silvester  
Age: 49  
Occupation: Scientist  
Director since: January 2009

James Cameron Lacey  
Age: 47  
Occupation: Newsagent proprietor  
Director since: May 2003

Matthew Charles-Jones  
Age: 42  
Occupation: Teacher  
Director since : February 2011

Brendan Stewart Lauritz  
Age: 48  
Occupation: Corporate Services Manager  
Director since: December 2010

Karen Keegan  
Age: 56  
Occupation: Lawyer  
Director since: April 2012

Michael Frank Halsey  
Age: 51  
Occupation: Accountant  
Director since: August 2009  
Resigned: March 2012

### Company secretary

Phillip Newman was appointed to the position of Company Secretary in October 2010 and continues to act in this position as at and since the end of the financial year.

### Directors' Meetings

The number of directors' meetings and the number of meetings attended by each of the directors of the Company during the period are:

	<i>Meetings held</i>	<i>Meetings attended</i>
James Lacey	10	10
Ewen Silvester	10	9
Mike Halsey*	7	5
Phil Newman	10	10
Matt Charles-Jones	10	9
Brendan Lauritz	10	9
Karen Keegan	2	2

\*Indicates number of meetings held whilst director was in office.

### Directors' Benefits

Since the end of the previous financial period no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full time employee of the Company or of a related body corporate) by reason of a contract made by the Company or a related body corporate with a director or with a firm of which a director is a member, or with an entity in which a director has a substantial interest, except for those detailed in Note 14 to the financial report.

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## Directors' Report (continued)

### Environmental Regulation

The Company's operations are subject to various environmental regulations under both Commonwealth and State legislation.

The Company has established procedures for monitoring compliance with existing environmental regulations and new regulations as they are enacted. This includes steps to be followed should an incident occur which has an adverse effect on the environment.

The directors are not aware of any breaches of the legislation during the financial year which are material in nature.

### Indemnification and insurance of officers and auditors

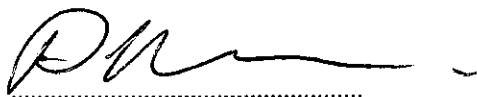
Up to 30 June 2012, no insurance in respect of officers had been paid, nor had any indemnity arrangements been entered into with auditors.

### Auditor's Independence Declaration

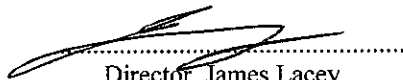
A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act, 2001, is set out on page 5.

Signed in accordance with a resolution of directors.

Dated at Yackandandah this 3<sup>rd</sup> day of October 2012.



Director, Phillip Newman



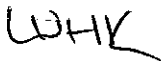
Director, James Lacey

**Lead auditor's independence declaration under  
Section 307C of the Corporations Act 2001**

To: the Directors of Yackandandah Community Development Company Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



WHK Audit & Risk Assessment



Bradley D Bohun  
*Partner*

Dated at Albury this 3<sup>rd</sup> day of October 2012.

## Statement of comprehensive income For the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue from fuel sales		3,111,097	2,916,760
Revenue from other sales		496,285	529,328
Interest received		271	383
		<u>3,607,653</u>	<u>3,446,471</u>
Cost of goods sold	3(a)	3,288,180	3,149,412
Audit fees		16,344	12,880
Advertising and promotion		3,463	3,487
Depreciation and amortisation		25,960	26,259
Electricity		9,484	7,943
Employee expenses (including director-based payments)	3(b)	217,568	209,878
Government and bank charges		1,986	2,997
Insurance		5,168	4,134
Printing and stationery		12,955	12,015
Telephone		3,353	3,644
Rent		4,231	4,483
Other expenses		3,220	1,164
Community Contribution	18	909	876
Doubtful Debts		(3,269)	-
		<u>3,589,552</u>	<u>3,439,172</u>
Profit before tax		18,101	7,299
Income tax expense	20(a)	5,675	2,162
Profit for the period		<u>12,426</u>	<u>5,137</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>12,426</u>	<u>5,137</u>

This Statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 27.

## Statement of financial position As at 30 June 2012

	Note	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	76,135	66,289
Trade and other receivables	4	101,769	82,198
Inventories	5	154,906	132,503
Other assets	6	1,000	1,000
<b>TOTAL CURRENT ASSETS</b>		<u>333,810</u>	<u>281,990</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	297,140	323,100
Deferred tax assets	20(c)	3,373	7,510
<b>TOTAL NON CURRENT ASSETS</b>		<u>300,513</u>	<u>330,610</u>
<b>TOTAL ASSETS</b>		<u>634,323</u>	<u>612,600</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	178,883	161,537
Income tax payable	20(b)	(1,369)	2,529
Employee benefits	9	3,437	7,588
<b>TOTAL CURRENT LIABILITIES</b>		<u>180,951</u>	<u>171,654</u>
<b>TOTAL LIABILITIES</b>		<u>180,951</u>	<u>171,654</u>
<b>NET ASSETS</b>		<u>453,372</u>	<u>440,946</u>
<b>EQUITY</b>			
Issued capital	10	423,100	423,100
Retained earnings	11	30,272	17,846
<b>TOTAL EQUITY</b>		<u>453,372</u>	<u>440,946</u>

This Statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 27.



## Statement of Recognised Income and Expenditure For the year ended 30 June 2012

	Note	2012 \$	2011 \$
Net Income recognised directly in Equity		-	-
Profit for the Period		12,426	5,137
Total recognised income and expense for the Period		<u>12,426</u>	<u>5,137</u>

## Statement of cash flows For the year ended 30 June 2012

### Cash flows from operating activities

Cash receipts in the course of operations		3,948,549	3,792,213
Interest received		258	383
Cash payments in the course of operations		(3,938,052)	(3,710,793)
Community commitment sponsorship payments		(909)	(876)
<b>Net cash provided by/(used in) operating activities</b>	12	<u>9,846</u>	<u>80,927</u>

### Cash flows from investing activities

Payments for property, plant and equipment		-	(2,367)
<b>Net cash used in investing activities</b>		<u>-</u>	<u>(2,367)</u>

### Cash flows from financing activities

Repayments of borrowings		-	-
Proceeds from the issue of shares		-	-
Dividend paid		-	-
<b>Net cash used in financing activities</b>		<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>		9,846	78,560
<b>Cash at the beginning of the financial year</b>		66,289	(12,271)
<b>Cash at the end of the financial year</b>		<u>76,135</u>	<u>66,289</u>

These Statements are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 27.

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## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 1. Significant accounting policies

The Yackandandah Community Development Company Limited (the "Company") is a company domiciled in Australia. It is an unlisted public company.

The financial report was authorised for issue by the directors on 3<sup>rd</sup> October, 2012.

#### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ("AIFRS"). The financial report of the Company also complies with IFRS and interpretations adopted by the International Accounting Standards Board.

The Company is a for profit entity.

#### (b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts to assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management has been involved in the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. There are no critical accounting judgements which require specific disclosure.

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 1. Significant accounting policies (cont'd)

#### (c) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### (d) Revenue recognition

##### *Goods sold*

Revenue from the sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

#### (e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of the GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### (f) Trade or other receivables

Trade and other receivables are stated at their cost less impairment losses.

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 1. Significant accounting policies (cont'd)

#### (g) Inventories

Raw materials, stores and finished goods are carried at the lower of cost allocated and net realisable value.

Fuel cost is calculated using a First In First Out ('FIFO') basis.

#### (h) Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease.

#### (i) Property, plant and equipment

##### (i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (k)).

The cost of self-constructed assets includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

##### (ii) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Lease payments are accounted for as described in accounting policy (h).

##### (iii) Subsequent costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

##### (iv) Depreciation/Amortisation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

<i>Property, plant and equipment</i>	<b>2012</b>	<b>2011</b>
Shop and forecourt	30 years	30 years
Fuel storage equipment	10-30 years	10-30 years
Fuel delivery equipment	5-20 years	5-20 years
Retail equipment	5-20 years	5-20 years
Office equipment	5-20 years	5-20 years

All depreciation rates are applied using a straight line basis.

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 1. Significant accounting policies (cont'd)

#### (j) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Where applicable bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### (k) Impairment

The carrying amounts of the Company's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

#### (l) Payables

Trade and other payables are stated at cost.

#### (m) Employee benefits

##### *Wages, salaries, annual leave, sick leave and non-monetary benefits*

All staff, with the exception of the site manager, are employed on a casual basis. Accordingly, no obligation exists with regard to employee benefits for wages, salaries, annual leave and sick leave for these casual employees.

Liabilities for employee benefits for site manager wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on costs.

#### (n) Superannuation plan

The Company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made.

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 1. Significant accounting policies (cont'd)

#### (o) Controlled Entity

The General Purpose financial report of the Company incorporates all commercial and non-business operations which the Company controls, either directly or through the operations of controlled entities, except for YCDCo (Yackity Yak) Pty Ltd which has not been included in the financial report on the basis that its revenue and expenditure from continuing operations is immaterial as at reporting date.

#### (p) Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or providing products or services within a particular economic environment (geographic segment), which is subject to risks and returns that are different from those of other segments. The Company's primary format for segment reporting is based on business segments. The business segments are determined based on the Company's management and internal reporting structure.

#### (q) New standards and interpretations not yet adopted

The following standards, have been identified as those which may impact the Company in the period of initial application. They are available for early adoption at 30 June 2012, but have not been applied in preparing these financial statements:

- *AASB 9 Financial Instruments* – A new standard was issued in December 2009 and is mandatory for annual reporting periods beginning on or after 1 January 2013. It provides revised guidance on the classification and measurement of financial assets and is the first phase of a multi-phase project to replace *AASB 139 Financial Instruments: Recognition and Measurement*. Under the new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are payments solely of principal and interest (on the principal amount outstanding). All other financial assets are to be measured at fair value. This standard was revised in December 2010 to include new requirements for the measurement and classification of financial liabilities. The Company has not yet determined the potential effect of the standard.
- *AASB 13: Fair Value* - replaces the existing IFRS guidance on fair value measurement and disclosure. It applies whenever another standard permits or requires the use of fair value measurements. It sets out a fair value hierarchy for such measurements:
  - Level 1 – quoted prices in active markets for identical assets and liabilities, which can be accessed at the measurement date.
  - Level 2 – inputs other than quoted market prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
  - Level 3 – unobservable inputs for the asset or liabilityApplicable for annual reporting periods commencing on or after 1 January 2013. The Company has not yet determined the potential effect of the standard.
- *AASB 119: Employee Benefits* – The revisions to AASB 119 will change the accounting treatment for some defined benefit superannuation schemes. Changes include removing the option to use the 'corridor' method in recognizing the movement in the value of a defined benefit plan; requiring re-measurements to be presented as part of Other Comprehensive Income; an increased level of disclosure for defined benefit plans; termination benefits now distinguish between compensation for services provided and compensation for the termination of employment. Applicable for annual reporting periods commencing on or after 1 January 2013. The Company has not yet determined the potential effect of the standard.

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 2. Cash and cash equivalents

	Note	2012 \$	2011 \$
Cash on hand		1,066	1,066
Cash at bank		75,069	65,223
		<u>76,135</u>	<u>66,289</u>

### 3. Expenses

#### (a) Cost of goods sold

	2012 \$	2011 \$
Fuel	2,933,975	2,743,538
Hardware	84,806	99,327
Stock feed and rural supplies	61,988	65,087
Other	207,411	241,460
	<u>3,288,180</u>	<u>3,149,412</u>

#### (b) Employee expenses

Salaries and wages	198,100	189,482
Superannuation	16,720	15,949
Workers compensation	2,748	4,447
	<u>217,568</u>	<u>209,878</u>

### 4. Trade and other receivables

Trade debtors	74,260	59,331
GST refundable	27,056	21,675
Prepayments	453	1,192
	<u>101,769</u>	<u>82,198</u>

Trade debtors are shown net of impairment losses amounting to \$Nil (2011: \$3,269).

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 5. Inventories

	Note	2012 \$	2011 \$
<i>Finished goods</i>			
Fuel		57,785	38,394
Motor accessories and Oil		8,116	6,988
Rural supplies and hardware		78,115	77,566
Sundry		10,890	9,555
		<u>154,906</u>	<u>132,503</u>

### 6. Other Assets

10 Shares in "YCDCo (Yackity Yak) Pty Ltd"		1,000	1,000
		<u>1,000</u>	<u>1,000</u>

YCDCo (Yackity Yak) Pty Ltd is a 100% owned entity of the Company. Note 1(o) provides additional information.

### 7. Property, plant and equipment

<b>Leasehold improvements</b>			
<i>Fuel storage equipment at cost</i>		103,699	103,699
<i>Accumulated depreciation</i>		(49,023)	(43,352)
		<u>54,676</u>	<u>60,347</u>
<i>Shop and forecourt at cost</i>		293,876	293,875
<i>Accumulated depreciation</i>		(81,215)	(70,399)
		<u>212,661</u>	<u>223,476</u>



## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 7. Property, plant and equipment (cont'd)

Note	2012 \$	2011 \$
<b>Plant and Equipment</b>		
<i>Fuel delivery equipment at cost</i>	113,339	113,339
<i>Accumulated depreciation</i>	(87,861)	(79,945)
	<u>25,478</u>	<u>33,394</u>
<i>Retail sales equipment at cost</i>	12,023	12,023
<i>Accumulated depreciation</i>	(9,685)	(8,599)
	<u>2,338</u>	<u>3,424</u>
<i>Office equipment at cost</i>	3,289	3,289
<i>Accumulated depreciation</i>	(1,302)	(830)
	<u>1,987</u>	<u>2,459</u>
<b>Total Property, plant and equipment</b>	<u>297,140</u>	<u>323,100</u>

#### Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

#### *Fuel Storage Equipment*

Carrying amount at beginning of year	60,347	66,003
Additions	-	-
Disposals	-	-
Depreciation	(5,671)	(5,656)
Carrying amount at end of year	<u>54,676</u>	<u>60,347</u>

#### *Shop and Forecourt*

Carrying amount at beginning of year	223,476	234,262
Additions	-	-
Disposals	-	-
Depreciation	(10,815)	(10,786)
Carrying amount at end of year	<u>212,661</u>	<u>223,476</u>

#### *Fuel Delivery Equipment*

Carrying amount at beginning of year	33,394	41,333
Additions	-	-
Disposals	-	-
Depreciation	(7,916)	(7,939)
Carrying amount at end of year	<u>25,478</u>	<u>33,394</u>

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 7. Property, plant and equipment (cont'd)

	Note	2012 \$	2011 \$
<b>Retail Sales Equipment</b>			
Carrying amount at beginning of year		3,424	2,828
Additions		-	2,017
Disposals		-	-
Depreciation		(1,086)	(1,421)
Carrying amount at end of year		<u>2,338</u>	<u>3,424</u>
<b>Office Equipment</b>			
Carrying amount at beginning of year		2,459	2,564
Additions		-	351
Disposals		-	-
Depreciation		(472)	(456)
Carrying amount at end of year		<u>1,987</u>	<u>2,459</u>
<b>8. Trade and other payables</b>			
Accruals		6,502	10,355
Trade creditors		138,133	116,086
PAYG Withholding payable		5,542	6,346
GST payable		28,706	28,750
		<u>178,883</u>	<u>161,537</u>
<b>9. Employee Benefits</b>			
<b>Current</b>			
Annual leave		3,437	7,588
Accrued salaries and wages		-	-
		<u>3,437</u>	<u>7,588</u>
<b>10. Equity</b>			
<b>Issued capital</b>			
4,231 (2011: 4,231) ordinary shares, fully paid		<u>423,100</u>	<u>423,100</u>
<b>Ordinary shares</b>			
Movements during the year:			
Balance at beginning of year		423,100	423,100
Shares issued		-	-
Closing balance		<u>423,100</u>	<u>423,100</u>

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 11. Retained Earnings

	Note	2012 \$	2011 \$
Retained profits at the beginning of the financial period		17,846	12,709
Current period profit		12,426	5,137
Dividend paid	19	-	-
Retained Profits at end of financial period		<u>30,272</u>	<u>17,846</u>

### 12. Notes to the statement of cash flows

#### Reconciliation of operating profit after income tax to net cash provided by operating activities

Operating profit/(loss) after income tax	12,426	5,137
<b>Add/(less) non-cash items:</b>		
Depreciation/Amortisation	25,960	26,259
(Increase)/decrease in deferred tax assets	4,137	(1,942)
Increase/(decrease) in tax payable	(3,898)	14,985
<b>Net cash provided by operating activities before change in assets and liabilities</b>	<u>38,625</u>	<u>44,439</u>
<b>Change in assets and liabilities during the financial year</b>		
(Increase)/Decrease in inventories	(22,403)	(2,806)
(Increase)/Decrease in receivables	(19,571)	1,516
Increase/(Decrease) in payables	17,346	39,187
Increase/(Decrease) in employee benefits	(4,151)	(1,409)
	<u>9,846</u>	<u>80,927</u>

### 13. Segment Reporting

#### Business segments

The Company comprises the following main business segments:

- Fuel: The sale of petroleum.
- Rural supplies: The sale of hardware and stockfeed.
- Other: The sale of other assorted products.

#### Geographical segments

All segments are managed in Yackandandah, Victoria.

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 13. Segment reporting (cont'd)

#### Business segments

	Fuel		Rural Supplies		Other		Continuing Operations	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
External revenues	3,111,097	2,916,760	340,026	357,259	156,530	172,452	3,607,653	3,446,471
Inter-segment revenues	-	-	-	-	-	-	-	-
Segment revenue	<u>3,111,097</u>	<u>2,916,760</u>	<u>340,026</u>	<u>357,259</u>	<u>156,258</u>	<u>172,452</u>	<u>3,607,653</u>	<u>3,446,471</u>
Segment results	<u>177,122</u>	<u>173,222</u>	<u>119,013</u>	<u>118,255</u>	<u>47,037</u>	<u>53,836</u>	<u>343,172</u>	<u>345,313</u>
Unallocated expenses							(325,071)	(338,014)
Results from operating activities							<u>18,101</u>	<u>7,299</u>
Income tax expense							(5,675)	(2,162)
Profit for the period							<u>12,426</u>	<u>5,137</u>
	Fuel		Rural Supplies		Other		Continuing Operations	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Segment assets	196,056	179,086	87,239	85,073	9,882	9,036	293,177	273,195
Unallocated assets	-	-	-	-	-	-	341,146	339,405
Total assets	<u>196,056</u>	<u>179,086</u>	<u>87,239</u>	<u>85,073</u>	<u>9,882</u>	<u>9,036</u>	<u>634,323</u>	<u>612,600</u>
Segment liabilities	107,944	86,146	14,198	17,046	-	-	122,142	103,192
Unallocated liabilities	-	-	-	-	-	-	58,809	68,462
Total liabilities	<u>107,944</u>	<u>86,146</u>	<u>14,198</u>	<u>17,046</u>	<u>-</u>	<u>-</u>	<u>180,951</u>	<u>171,654</u>
Capital expenditure	-	-	-	-	-	-	-	-
Unallocated capital expenditure	-	-	-	-	-	-	-	2,369
Depreciation	13,587	13,594	-	-	-	-	13,587	13,594
Unallocated depreciation	-	-	-	-	-	-	12,373	12,665

### 14. Related Parties

The following were key management personnel of the Company at any time during the reporting period, and unless otherwise indicated were key management personnel for the entire period:

J Lacey	K Keegan (appointed April 2012)
P Newman	M Charles-Jones
E Silvester	B Lauritz
M Halsey (resigned March 2012)	

All directors are non-executive directors.

#### Transactions with key management personnel

Apart from the above, no other non-executive director has received any remuneration from the Company.

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 14. Related parties (cont'd)

The key management personnel compensation included in "employee expenses" are as follows:

	2012 \$	2011 \$
Short-term employee benefits	-	-
Other long-term benefits	-	-
	<u>-</u>	<u>-</u>

The aggregate amounts recognised during the period relating to directors and their director-related entities were as follows:

Director	Transaction		2012 \$	2011 \$
J. Lacey	Purchases – stock & stationery (1)		14,478	15,734

(1) Goods purchased from Yackandandah Authorised Newsagency

Certain director related parties are employed by the Company during the year as driveway attendants. The terms and conditions of employment for those persons is the same as those employees who are non director related.

All transactions with directors, or their director related parties are on normal terms and conditions or on a basis more favourable to the Yackandandah Community Development Company. Purchases by directors and director related parties from the retail site are on terms no more favourable than those available to the general public and are trivial or domestic in nature.

Amounts receivable from and payable to directors and their director-related entities at reporting date arising from these transactions were as follows:

<b>Current Receivables</b>				
	Trade debtors		-	75
<b>Current payables</b>				
	Trade creditors	348		703

Apart from the details disclosed above in this note, no other director has entered into a material contract with the Company during the year or since the end of the previous financial year and there were no material contracts involving other directors' interests existing at year-end.

#### Directors' holdings of shares and share options

The interests of directors of the entity and their director-related entities in shares and share options at period-end are set out below:

Yackandandah Community Development Company Ltd				
	Ordinary Shares	66		84
	Options over ordinary shares		-	-

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 15. Economic dependency

100% of the fuel sold by the Company is currently sourced from Shell Fuels. However, the Directors are confident that alternative fuel suppliers are available if required.

### 16. Auditor's Remuneration

The following services were provided to the Company by WHK.

	2012 \$	2011 \$
<i>Auditors of the Company</i>		
2012 Audit fees	10,880	-
2011 Audit fees	1,800	10,355
Other services- taxation	2,435	2,525
	<u>15,115</u>	<u>12,880</u>

### 17. Commitments

#### *Non-cancellable operating lease expense commitments*

Future operating lease commitments not provided for in the financial statements and payable:

Within one year	-	-
One year or later and no later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>

The Company has operated from leased property under a non-cancellable operating lease. The initial term expired on 12 August 2011 and provided the Company with a right of renewal for a further four terms of five years each. At renewal all terms are renegotiated. Ownership of the property at 29 Railway Avenue, Yackandandah is vested with Indigo Shire Council, and has been made available to the Company at a nominal rate. Negotiations are continuing with Council in relation to potentially purchasing the freehold of the site. Refer to Note 24 for details.

#### *Equipment lease expense commitments*

Future equipment lease commitments not provided for in the financial statements and payable:

Within one year	-	-
One year or later and no later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>

<i>Capital commitments</i>	Nil	Nil
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## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 18. Community Contribution

Sponsorships were allocated to the following community groups and organisations:

	2012 \$	2011 \$
Yackandandah Kindergarten	454	-
Beechworth Hockey Club	-	876
Yackandandah Scouts	455	-
	<u>909</u>	<u>876</u>

### 19. Dividends

No dividend was paid in the year (2011 year: Nil).

### 20. Taxation

#### (a) Income tax expense

Prima facie income tax expense calculated at 30% (2011: 30%) on the profit/(loss) from ordinary activities	5,431	2,189
Increase in income tax expense due to:		
Non-deductible expenses		
Other	11	(27)
Decrease in income tax expense due to:		
Capital contributions received (net)	-	-
Initial recognition of tax losses	-	-
Income tax under/(over) provided in prior year	233	-
Income tax expense/(benefit) attributable to profit from ordinary activities	<u>5,675</u>	<u>2,162</u>

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 20. Taxation (cont'd)

	Note	2012 \$	2011 \$
Income tax expense/(benefit) attributable to profit/(loss) from ordinary activities is made up of:			
Current tax expense		1,538	4,104
Deferred tax expense		3,904	(1,942)
Over provision in respect of prior years		233	-
		5,675	2,162
<b>(b) Current tax liabilities</b>			
<i>Provision for current income tax</i>			
Movements during the year:			
Balance at beginning of year		2,529	(12,458)
Income tax( paid)/refunded		(5,669)	10,886
Current year's income tax expense on profit from ordinary activities		1,538	4,104
Over provision in respect of prior years		233	-
		(1,369)	2,529
<b>(c) Deferred tax assets</b>			
<i>Future income tax benefit</i>			
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% on the following items:			
Provisions and accrued employee benefits not currently deductible		3,373	7,510
		3,373	7,510

### 21. Contingent liabilities and contingent assets

Nil.



## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 22. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

#### **Credit risk**

Credit risk is the risk of loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

#### *Trade and receivables*

The Company's exposure to credit risk is influenced mainly by the characteristics of the individual customer. The demographics of the customer base, including the default risk of the industry and the country in which it operates has less of an impact on the credit risk. Approximately 4.1 percent (2011: 4.4 percent) of the Company's revenue is attributable to sales transactions with one customer (Indigo Shire Council).

The Company has a policy of assessing each new customer's credit worthiness prior to credit and prior to services being provided. Losses have occurred just once in the last five years. Purchase limits are established for all customers, which represent the maximum time allowed for the debt to be settled in full. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company on a prepayment basis.

The Company has established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables and investments.

#### *Investments*

The Company has no investments at this point, except in YCDCo (Yackity Yak) Pty Ltd, a 100% owned subsidiary. This is an operating subsidiary.

#### *Guarantees*

Group policy is to provide financial guarantees only when absolutely necessary. Just one outstanding guarantee exists, with The Shell Company of Australia Limited.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on hand to meet expected operational expenses for a period of 60 days, including the serving of financial obligations; this excludes the potential impact of extreme circumstances which cannot reasonably be predicted, such as natural disasters. In addition the Company maintains the following lines of credit:

- Overdraft facility of \$30,000 with an interest rate of 9.33% (2011: 10.13%).

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 22. Financial risk management (cont'd)

#### Market risk

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and equity process will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimising the return.

#### Currency risk

The Company is not exposed to any currency risk on sales, purchases or borrowings that are denominated in a currency other than the Australian dollar (AUD).

#### Interest rate risk

The Company's interest rate exposure is limited to its overdraft facility. At reporting date this facility was unused.

#### Capital Management

The Board is mindful of the need for a strong capital base and are focussed on attaining this in the coming years. The Board monitors the return on capital and the total return to ordinary shareholders.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

### 23. Financial Instruments

#### Credit risk

#### Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure.

The Company's maximum credit exposure at 30 June 2012 was:

	Carrying amount	
	2012	2011
	\$	\$
Loans and receivables	74,260	59,331
Cash and cash equivalents	76,135	66,289
	<u>150,395</u>	<u>125,620</u>

The Company's maximum exposure to credit risk for trade receivables at reporting date by geographic region was:

Australia	74,260	59,331
	<u>74,260</u>	<u>59,331</u>

The Company's maximum exposure to credit risk for trade receivables at reporting date by customer type was:

Retail customers	74,260	59,331
	<u>74,260</u>	<u>59,331</u>

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 23. Financial instruments (cont'd)

#### Impairment losses

At reporting date the Company had receivables past due of \$4,335 (2011: \$4,977). The ageing of the Company's receivables at reporting date was:

	Gross 2012 \$	Accumulated Impairment loss 2012 \$	Gross 2011 \$	Accumulated Impairment loss 2011 \$
Not past due	69,925	-	57,623	-
Past due 0-30 days	4,112	-	1,575	-
Past due 31-60 days	-	-	-	-
More than 60 days	223	-	3,402	(3,269)
	<u>74,260</u>	<u>-</u>	<u>62,600</u>	<u>(3,269)</u>

The movement in the allowance for impairment in respect of trade receivables through the year was as follows:

	2012 \$	2011 \$
Balance at 1 July	3,269	3,269
Impairment loss recognised	-	-
General provision reversal	(3,269)	-
Balance at 30 June	<u>-</u>	<u>3,269</u>

Based on historic default rates, the Company believes that no impairment allowance is necessary in respect of receivables not past due or up to 30 days past due.

#### Liquidity Risk

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

#### 30 June 2012

	Carrying amount \$	Contractual cash flows \$	6 mths or less \$	6-12 mths \$	1-2 years \$	2-5 years \$	More than 5 years \$
Finance lease liabilities	-	-	-	-	-	-	-
Trade and other payables	178,883	178,883	178,883	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-
	<u>178,883</u>	<u>178,883</u>	<u>178,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 30 June 2011

	Carrying amount \$	Contractual cash flows \$	6 mths or less \$	6-12 mths \$	1-2 years \$	2-5 years \$	More than 5 years \$
Finance lease liabilities	-	-	-	-	-	-	-
Trade and other payables	161,537	161,537	161,537	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-
	<u>161,537</u>	<u>161,537</u>	<u>161,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## Notes to and forming part of the financial statements For the year ended 30 June 2012

### 23. Financial instruments (cont'd)

#### Currency risk

The Company was not exposed to any foreign currency risk at reporting date (2011: nil).

#### Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	2012 \$	2011 \$
<b>Fixed rate instruments</b>		
Financial assets	75,069	65,223
Financial liabilities	-	-
	<u>75,069</u>	<u>65,223</u>
<b>Variable instruments</b>		
Financial liabilities	-	-
	<u>-</u>	<u>-</u>

#### Fair Values

##### Fair values versus carrying amount

The fair values of financial assets and liabilities were equal to the carrying amounts shown in the balance sheet as at reporting date.

### 24. Subsequent events

As discussed at Note 17, the Company is continuing negotiations with Indigo Shire Council in regards to the potential purchase of the freehold site. As at signing date, no agreements or purchase contracts have been signed by the Company.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

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## Directors' declaration

In the opinion of the directors of Yackandandah Community Development Company Limited:-

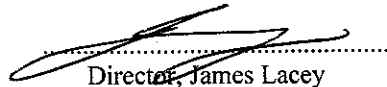
- (a) the financial statements and notes as set out on pages 6 to 27, are in accordance with the *Corporations Act 2001*, including :
  - (i) giving a true and fair view of the financial position of the Company as at 30 June 2012, and of its performance for the year ending on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the financial statements also comply with international financial reporting standards to the extent disclosed in the notes in the financial statements.

Dated at Yackandandah this 3<sup>rd</sup> day of October, 2012.

Signed in accordance with a resolution of the directors.



Director, Phillip Newman



Director, James Lacey

## **Independent auditor's report to the members of Yackandandah Community Development Company Limited**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Yackandandah Community Development Company Limited (the "Company"), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of recognised income and expenditure and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 24 and the directors' declaration set out on pages 6 to 28.

### **Director's responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Company, comprising the financial statements and notes, comply with International Financial Reporting Standards.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Auditor's opinion

In our opinion:

- (a) the financial statements of Yackandandah Community Development Company Limited are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.



WHK Audit & Risk Assessment



Bradley Bohun  
*Partner*

Dated at Albury this 3<sup>rd</sup> day of October 2012.