ANNUAL REPORT

of

Yackandandah Community Development Company Limited

ABN 45 099 899 886

For the year ended 30 June 2016

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 2016 and the auditor's report thereon.

Principal Activities

The principal activities of the Company during the course of the year 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 Board of Directors are pleased to report a consistent result for the 2015/2016 financial year. Revenue from fuel sales has decreased by 14% over the preceding year which is reflective of the reduction in the average price of fuel sold, however the volume of fuel sold reduced by 1.6%, Revenue from other sales improved by 13 %.

The business for non fuel sales has shown a steady growth and should continue to grow in line with customer numbers and refinements in the type of products held as stock.

The Board acknowledge the dedication and hard work of all the YCDCo staff.

Financial Result

The Company reports an operating profit before tax of $131,666 for the year ended 30 June 2016. This compares to an operating profit before tax of $90,685 for the year ended 30 June 2015.

Financial Reports

Detailed audited financial statements for the year ended 30 June 2016 are included in this Annual Report.

Dividends

No dividends were declared and paid during the reporting period (2015:$29,617).

On 28 July 2016, the Company declared a fully franked dividend of $10 per share in respect of the year ended 30 June 2016. The total dividend paid on 1 September was $42,310.

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 2016)	$710,467
Number of shares on issue (as at 30 June 2016)	4,231
Share Transfer Price (net asset backing per share)	**$167.92**

The Share Transfer Price as reported in last year's Annual Report was $145.64.

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
Other than the dividend payment, 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
The directors of the Company at any time during or since the end of the financial year are:

Phillip Andrew Newman (Chairperson)
Age: 55
Occupation: Librarian
Director since: January 2010

Ewen James Silvester
Age: 53
Occupation: Scientist
Director since: January 2009
Resigned: May 2016

Myron James Bullivant
Age: 48
Occupation: Business Development Manager
Director since: July 2013

Brendan Stewart Lauritz
Age: 52
Occupation: Corporate Services Manager
Director since: December 2010

Michael Rosenbrock
Age: 36
Occupation: Bachelor of Education
Director since: April 2013

Barry John Maginness
Age: 55
Occupation: Project Manager
Director since: June 2014

Andrew Grieg
Age: 48
Occupation: Research & Development Manager
Director since: July 2014

Kevin Poyner
Age: 62
Occupation: Architect
Director since: January 2015

Michael Bell
Age: 42
Occupation: Accountant
Director since : January 2016

Company secretary
Brendan Lauritz was appointed to the position of Company Secretary in August 2013 and continues to act in this position as at and since the end of the financial year.

Directors' Report

Directors' Meetings

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

	*Meetings held **	*Meetings attended*
Ewen Silvester	8	3
Phil Newman	9	8
Michael Bell	4	4
Brendan Lauritz	9	8
Andrew Grieg	9	6
Michael Rosenbrock	9	5
Myron Bullivant	9	6
Barry Maginness	9	6
Kevin Poyner	9	6

* Reflects the number of meetings held whilst the Director was in office

Directors' Benefits

Since the end of the previous financial year no director of the Company has received or became 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 12 to the financial report.

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 2016, 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 4.

Signed in accordance with a resolution of directors.

Dated at Yackandandah this   day of   2016.

....
Director, Phillip Newman

....
Director, Brendan Lauritz

Directors' Report (continued)

<Insert Auditors Independence Declaration>

Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	2016 $	2015 $
Revenue from fuel sales		2,958,165	3,432,160
Revenue from other sales		808,339	715,996
Interest received		1,241	1,276
		3,767,745	4,149,432
Cost of goods sold	3(a)	3,282,580	3,680,192
Audit and tax fees		15,995	15,743
Advertising and promotion		919	3,033
Depreciation and amortisation		20,503	20,781
Electricity		3,439	5,397
Employee expenses (including director-based payments)	3(b)	260,608	275,956
Government and bank charges		1,420	1,255
Insurance		4,330	4,410
Printing and stationery		13,763	16,052
Telephone		4,990	4,158
Rent		7,659	6,696
Other expenses		9,322	12,330
Community Contribution	16	10,551	12,744
		3,636,079	4,058,747
Profit before tax		131,666	90,685
Income tax expense	18(a)	37,401	28,810
Profit for the period after tax		94,265	61,875
Other comprehensive income		-	-
Total comprehensive income for the year		94,265	61,875

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 26.

Statement of financial position
As at 30 June 2016

	Note	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	2	177,748	96,288
Trade and other receivables	4	92,393	94,537
Inventories	5	201,978	196,670
Other assets	6	1,000	1,000
TOTAL CURRENT ASSETS		473,119	388,495
NON CURRENT ASSETS			
Property, plant and equipment	7	371,582	392,086
Deferred tax assets	18(b)	7,545	10,207
TOTAL NON CURRENT ASSETS		379,127	402,293
TOTAL ASSETS		852,246	790,788
CURRENT LIABILITIES			
Trade and other payables	8	114,037	153,713
Income tax payable/(refundable)		17,808	2,440
Employee benefits	9	9,934	18,433
TOTAL CURRENT LIABILITIES		141,779	174,586
TOTAL LIABILITIES		141,779	174,586
NET ASSETS		710,467	616,202
EQUITY			
Issued capital	10	423,100	423,100
Retained earnings		287,367	193,102
TOTAL EQUITY		710,467	616,202

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 26.

Statement of changes in equity
For the year ended 30 June 2016

	Note	Share capital $	Retained earnings $	Total $
Balance at 1 July 2015		423,100	193,102	616,202
Total comprehensive income for the period				
Profit or loss		-	94,265	94,265
Dividend Paid		-	-	-
Balance as at 30 June 2016		423,100	287,367	710,467

	Share capital $	Retained earnings $	Total $
Balance at 1 July 2014	423,100	160,844	583,944
Total comprehensive income for the period			
Profit or loss	-	61,875	61,875
Dividend Paid	-	(29,617)	(29,617)
Balance as at 30 June 2015	423,100	193,102	616,202

Statement of cash flows
For the year ended 30 June 2016

	Note		
Cash flows from operating activities			
Cash receipts in the course of operations		4,146,305	4,584,398
Interest received		1,241	1,276
Cash payments in the course of operations		(4,055,535)	(4,485,417)
Community commitment sponsorship payments		(10,551)	(12,744)
Net cash provided by/(used in) operating activities	11	81,460	87,513
Cash flows from investing activities			
Payments for property, plant and equipment		-	(19,403)
Net cash used in investing activities		-	(19,403)
Cash flows from financing activities			
Repayments of borrowings		-	-
Proceeds from the issue of shares		-	-
Dividend paid		-	(29,617)
Net cash used in financing activities		-	(29,617)
Net increase/(decrease) in cash held		81,460	38,493
Cash at the beginning of the financial year		96,288	57,795
Cash at the end of the financial year		177,748	96,288

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 26.

Notes to and forming part of the financial statements
For the year ended 30 June 2016

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 October, 2016.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issues by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* as appropriate for for-profit oriented entities.

(b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis, adjusted where applicable for fair value.

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 2016

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 profit or loss and other 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 profit or loss 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 2016

1. Significant accounting policies (cont'd)

(g) Inventories

Inventories are carried at the lower of cost 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) 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 statement of profit or loss and other comprehensive income as an expense as incurred.

(iii) Depreciation/Amortisation

Depreciation is charged to profit or loss 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 for each type of asset are as follows:

Shop and forecourt	30 years
Fuel storage equipment	10-30 years
Fuel delivery equipment	5-20 years
Retail equipment	5-20 years
Office equipment	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 2016

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 profit or loss and other 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) Employee benefits

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

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

Liabilities for employee benefits for site manager and Finance Officer 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.

(m) Superannuation plan

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

(n) 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.

Notes to and forming part of the financial statements
For the year ended 30 June 2016

1. Significant accounting policies (cont'd)

(o) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(p) 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 2016, but have not been applied in preparing these financial statements:

- *AASB 9: Financial Instruments* – The new standard replaces the existing complicated, rules-based approach to financial instruments with simplified principles. Increased judgement will be required to apply these principles. A deeper understanding of how an entity manages its financial instruments will be required. Depending on circumstance, more financial instruments will likely be measured subsequently at fair value. System remodelling will likely be required to implement impairment.

  Classification and measurement:
  - The classification of financial assets has been simplified: Debt instruments meeting the 'business model' and 'cash flow characteristics' tests can be measured at amortised cost. All other financial assets, including investments in equity instruments, are measured at fair value. Movements in fair value for equity instruments can be presented in other comprehensive income (OCI) in some instances.
  - Most financial liabilities will be classified and measured at amortised cost. Others, such as derivatives, are measured at fair value through profit or loss.
  - For financial assets, embedded derivatives are not separated from the host.
  - Reclassifications of financial assets can only take place in limited circumstances; this is expected to be uncommon. Financial liabilities are not reclassified.
  - Fair value is measured as an exit price from the perspective of a market participant, including 'non-performance risk' adjustments for liabilities, which are presented in OCI. Cost may be an approximation of fair value only in very limited circumstances.

  Applicable for annual reporting periods commencing on or after 1 January 2018.

- *AASB 15 Revenue from Contract with Clients* - the standard replaces most of the existing standards and interpretations relating to revenue recognition, including AASB 118 *Revenue* and AASB 111 *Construction Contracts*. The standard will have little, if any, effect on the amount and timing of revenue recognised for the most straightforward contracts. Changes are likely where contracts extend over time, where there are considerations that may vary the timing or amount of the consideration, or where there are multiple performance elements, such as product warranties, customer loyalty programmes, customer incentives and rights of return. Some industries, for example telecommunications, construction and software, will be significantly impacted.

Notes to and forming part of the financial statements
For the year ended 30 June 2016

(p) New standards and interpretations not yet adopted (continued)

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. All existing revenue recognition will follow a 5-step process:

- Step 1: Identify the contract with the customer,
- Step 2: Identify the performance obligations in the contract,
- Step 3: Determine the transaction price,
- Step 4: Allocate the transaction price to the performance obligations in the contract, and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Significant implementation guidance is included with the standard.

Applicable for annual reporting periods commencing on or after 1 January 2018.

- *AASB 16 Leases* - This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

  The company will adopt this standard from 1 July 2019 whilst the full impact of its adoption is yet to be assessed by the company, the company expects the likely impact to be an increase in property, plant and equipment, an increase in liabilities and changes to profit and loss balances as described above.

Notes to and forming part of the financial statements
For the year ended 30 June 2016

2. Cash and cash equivalents

	2016 $	2015 $
Cash on hand	1,265	1,265
Cash at bank	182,107	99,181
Undeposited funds	(5,624)	(4,158)
	177,748	96,288

3. Expenses

(a) Cost of goods sold

Fuel	2,694,153	3,169,474
Hardware	186,946	167,168
Stock feed and rural supplies	132,531	87,816
Other	268,950	255,734
	3,282,580	3,680,192

(b) Employee expenses

Salaries and wages	240,387	251,111
Superannuation	19,416	21,554
Workers compensation	805	3,291
	260,608	275,956

4. Trade and other receivables

Trade debtors	60,801	63,940
GST refundable	27,447	27,459
Prepayments	4,145	3,138
	92,393	94,537

Trade debtors are shown net of impairment losses amounting to Nil (2015: Nil).

Notes to and forming part of the financial statements
For the year ended 30 June 2016

5. Inventories

	2016 $	2015 $
Fuel	55,639	55,044
Motor accessories and Oil	12,933	13,720
Rural supplies and hardware	121,389	115,100
Sundry	12,017	12,806
	201,978	196,670

6. Other Assets

10 Shares in "YCDCo (Yackity Yak) Pty Ltd"	1,000	1,000
	1,000	1,000

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

7. Property, plant and equipment

Land		
Land at cost	107,488	107,488
	107,488	107,488
Building improvements		
Fuel storage equipment at cost	103,699	103,699
Accumulated depreciation	(63,148)	(60,784)
	40,551	42,915
Shop and forecourt at cost	320,360	320,360
Accumulated depreciation	(126,945)	(115,207)
	193,415	205,153
Plant and Equipment		
Fuel delivery equipment at cost	115,975	115,975
Accumulated depreciation	(103,853)	(102,218)
	12,122	13,757
Retail sales equipment at cost	26,404	26,404
Accumulated depreciation	(17,974)	(14,928)
	8,430	11,476

Notes to and forming part of the financial statements
For the year ended 30 June 2016

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

	2016 $	2015 $
Office equipment at cost	3,289	3,289
Accumulated depreciation	(2,639)	(2,404)
	650	885
Motor vehicles at cost	11,858	11,858
Accumulated depreciation	(2,932)	(1,446)
	8,926	10,412
Total Property, plant and equipment	371,582	392,086

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

	2016 $	2015 $
Land		
Carrying amount at beginning of year	107,488	107,488
Additions	-	-
Disposals	-	-
Carrying amount at the end of the year	107,488	107,488
Fuel Storage Equipment		
Carrying amount at beginning of year	42,915	45,272
Additions	-	-
Disposals	-	-
Depreciation	(2,364)	(2,357)
Carrying amount at end of year	40,551	42,915
Shop and Forecourt		
Carrying amount at beginning of year	205,153	217,056
Additions	-	-
Disposals	-	-
Depreciation	(11,738)	(11,903)
Carrying amount at end of year	193,415	205,153
Fuel Delivery Equipment		
Carrying amount at beginning of year	13,757	15,451
Additions	-	-
Disposals	-	-
Depreciation	(1,635)	(1,694)
Carrying amount at end of year	12,122	13,757

Notes to and forming part of the financial statements
For the year ended 30 June 2016

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

	2016 $	2015 $
Retail Sales Equipment		
Carrying amount at beginning of year	11,476	7,059
Additions	-	7,545
Disposals	-	-
Depreciation	(3,046)	(3,128)
Carrying amount at end of year	8,430	11,476
Office Equipment		
Carrying amount at beginning of year	885	1,138
Additions	-	-
Disposals	-	-
Depreciation	(235)	(253)
Carrying amount at end of year	650	885
Motor Vehicles		
Carrying amount at beginning of year	10,412	-
Additions	-	11,858
Disposals	-	-
Depreciation	(1,486)	(1,446)
Carrying amount at end of year	8,926	10,412
Total Property, plant and equipment	371,582	392,086

8. Trade and other payables

	2016 $	2015 $
Accruals	11,610	16,410
Trade creditors	67,818	97,371
PAYG Withholding payable	5,957	8,971
GST payable	28,652	30,961
	114,037	153,713

9. Employee Benefits

	2016 $	2015 $
Current		
Annual leave	2,878	12,885
Accrued salaries and wages	7,056	5,548
	9,934	18,433

Notes to and forming part of the financial statements
For the year ended 30 June 2016

10. Equity

	Note	2016 $	2015 $
Issued capital			
4,231 (2015: 4,231) ordinary shares, fully paid		423,100	423,100

11. Notes to the statement of cash flows

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

	2016	2015
Operating profit/(loss) after income tax	94,265	61,875
Add/(less) non-cash items:		
Depreciation/Amortisation	20,504	21,671
Net cash provided by operating activities before change in assets and liabilities	114,769	83,546
Change in assets and liabilities during the financial year		
(Increase)/Decrease in inventories	(5,308)	(2,294)
(Increase)/Decrease in receivables	2,144	21,220
(Increase)/decrease in deferred tax assets	2,662	(423)
Increase/(Decrease) in payables	(39,676)	11,501
Increase/(Decrease) in employee benefits	(8,499)	309
Increase/(decrease) in tax payable	15,368	(25,456)
	81,460	87,513

Notes to and forming part of the financial statements
For the year ended 30 June 2016

12. 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:

P Newman	E Silvester (resigned 26 May 2016)
M Bullivant	M Bell (appointed 28 January 2016)
B Lauritz	M Rosenbrock
B Maginness	A Grieg
K Poyner	

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. The key management personnel compensation included in “employee expenses” are as follows:

	2016 $	2015 $
Short-term employee benefits	-	-
Other long-term benefits	-	-
	-	-

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. 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:

	2016 $	2015 $
Current receivables		
Trade debtors	-	-
Current payables		
Trade creditors	-	-

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:

	2016	2015
Yackandandah Community Development Company Ltd		
Ordinary Shares	86	101
Options over ordinary shares	-	-

Notes to and forming part of the financial statements
For the year ended 30 June 2016

13. 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.

14. Auditor's Remuneration

The following services were provided to the Company by Crowe Horwath.

	2016 $	2015 $
Auditors of the Company		
2016 Audit fees*	13,800	13,800
Other services- taxation	2,495	2,685
	16,295	16,485

*- includes financial statement assistance

15. 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	-	-
	-	-

16. Community Contribution

Sponsorships were allocated to the following community groups and organisations:

Australia Day Youth Awards	-	227
Building Works	2,000	-
Billy Cart Race	100	-
Yackandandah Primary School	1,152	-
Yackandandah Station	396	-
Yackandandah Kindergarten	6,533	-
Flowers	-	46
Yackandandah Football Club	370	1,557
Yackandandah Community Education Network	-	2,450
Hard Yakka Community Ride	-	1,000
Railway Crane Works	-	1,100
Men's Shed Yackandandah	-	5,000
Scaredy Cats Production	-	1,364
	10,551	12,744

Notes to and forming part of the financial statements
For the year ended 30 June 2016

17. Dividends

No dividends were paid during the 2016 year (2015 year: $29,617).

On 28 July 2016, the directors declared a dividend of $10 per share for the year ended 30 June 2016. The dividend has not been included as a liability in these financial statements, as it was not declared until subsequent to year end. The total dividend paid on 1 September 2016 was $42,310.

18. Taxation

(a) Income tax expense

	2016 $	2015 $
Prima facie income tax expense calculated at 30% (2015: 30%) on the profit/(loss)	39,500	28,772
Increase in income tax expense due to:		
Other	(169)	-
Income tax under/(over) provided in prior year	(1,930)	38
Income tax expense/(benefit) attributable to profit from ordinary activities	37,401	28,810
Income tax expense/(benefit) attributable to profit/(loss) from ordinary activities is made up of:		
Current tax expense	36,669	29,233
Deferred tax expense	2,662	(461)
(Over)/under provision in respect of prior years	(1,930)	38
	37,401	28,810

(b) Deferred tax assets

Future income tax benefit
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% on the following items:

	2016 $	2015 $
Provisions and accrued employee benefits not currently deductible	7,545	10,207
	7,545	10,207

19. Contingent liabilities and contingent assets

Nil.

Notes to and forming part of the financial statements
For the year ended 30 June 2016

20. Financial risk management

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

- Credit risk;
- Liquidity risk; and
- 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 3.02 percent (2015: 3.53 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 and has not been consolidated in the financial report on the basis that its revenue and expenditure from continuing operations is immaterial as at reporting date.

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 meets 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:

Notes to and forming part of the financial statements
For the year ended 30 June 2016

20. Financial risk management (cont'd)

- Overdraft facility of $75,000 with an interest rate of 8.70% (2015: 8.85%).

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.

21. 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 2016 was:

	Carrying amount	
	2016	**2015**
	$	**$**
Loans and receivables	60,801	63,940
Cash and cash equivalents	177,748	96,288
	238,549	160,228

Notes to and forming part of the financial statements
For the year ended 30 June 2016

21. Financial instruments (cont'd)

Impairment losses
At reporting date the Company had receivables past due of $1,618 (2015: $3,192). The ageing of the Company's receivables at reporting date was:

	Gross 2016 $	Accumulated Impairment loss 2016 $	Gross 2015 $	Accumulated Impairment loss 2015 $
Not past due	59,011	-	60,748	-
Past due 0-30 days	1,130	-	2,884	-
Past due 31-60 days	191	-	148	-
More than 60 days	469	-	160	-
	60,801	-	63,940	-

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 2016

	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	114,037	114,037	114,037	-	-	-	-
	114,037	114,037	114,037	-	-	-	-

30 June 2015

	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	153,713	153,713	153,713	-	-	-	-
	153,713	153,713	153,713	-	-	-	-

Currency risk
The Company was not exposed to any foreign currency risk at reporting date (2015: nil).

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

	Carrying amount 2016 $	Carrying amount 2015 $
Variable instruments		
Financial assets	182,107	99,181
Financial liabilities	-	-
	182,107	99,181

Notes to and forming part of the financial statements
For the year ended 30 June 2016

21. Financial instruments (cont'd)

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.

22. Subsequent events

Other than the dividend payment (Note 17), 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.

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 5 to 26, 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 2016, 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 day of October 2016.

Signed in accordance with a resolution of the directors.

.... Director, Phillip Newman

.... Director, Brendan Lauritz