



ANNUAL REPORT

of

**Yackandandah Community Development
Company Limited**

ABN 45 099 899 886

For the year ended 30 June 2010

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 2010 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 mediocre financial performance for the 12 months ending 30 June 2010. The 2009/2010 financial year has however been a 'a game of two halves' and the Directors are delighted that overall shareholder value has been maintained and significant improvements in financial performance were evident in the 6 months to June 30.

During the preparation of this year's financial reports an error was discovered in the 2008/2009 accounts that has required a re-statement of financial performance for that year, details of the adjustments are included in this Annual Report. Regrettably the late discovery of the error impacted on the ability of the Board to adequately oversee the financial performance of the Company leading to some delay in recognition of impending cashflow problems during the year. After a review of operations changes have been made to our pricing policies and company processes to ensure increased profitability and the maintenance of shareholder value. Amendments were made to the operation of our Shareholder Discount Scheme in June 2010, any changes resulting from an ongoing review into the scheme will be actioned in 2010/2011.

Despite the challenging nature of the Company's past 12 months, the Directors would like to highlight the contribution that YCDCo has made and will continue to make to the Yackandandah community into the future. The provision of employment, convenience and value provided by our operations in addition to our ongoing community sponsorship program mean that we are a significant contributor to the economic and social welfare of Yackandandah and surrounds.

Financial Result

The Company reports an operating loss before tax of \$7,781 for the year ended 30 June 2010. This compares to an operating profit before tax of \$3,629 for the year ended 30 June 2009. The 2009 result was previously reported as a profit before tax of \$20,445, however as noted above the 2009 result has been restated in the current report to correct an error made in 2009. More details are provided in the notes to the financial statements.

Financial Reports

Detailed audited financial statements for the year ended 30 June 2010 are included in this Annual Report.

The analysis below provides key features of our financial performance for the year and compares these to last year.

Underlying Performance - Fundamentals

During the year, the company experienced a further tightening of margins in its core business areas. The overall margin on fuel sales dropped from 5.7% in the year ended June 2009 to 4.6% in the year under review. The company changed its fuel pricing policy mid-way through the year and the second half of the year saw a significant improvement in margin to the levels achieved in the previous year. Margins in the other business lines were broadly in line with 2009.

In the first half of the year, the company invested in some additional storage to enable it to take advantage of bulk purchasing.

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."

Directors' Report (continued)

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 2010)	\$435,809
Number of shares on issue (as at 30 June 2010)	4,231
Share Transfer Price (net asset backing per share)	\$103.00

The Share Transfer Price as reported in last year's Annual Report was \$106.33.

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:

Michael Frank Halsey
Age: 49
Occupation: Accountant
Director since: August 2009

James Cameron Lacey
Age: 44
Occupation: Newsagent proprietor
Director since: May 2003

Brett John Levi McClellan
Age: 43
Occupation: Builder
Director since: February 2008

Mark Aloysius McKenzie-McHarg
Age: 50
Occupation: Management Consultant
Director since: March 2002

Cameron Clyde McKern
Age: 46
Occupation: Computing Consultant
Director since: March 2002
Resigned: November 2009

Robert John Neumayer
Age: 55
Occupation: Health planner
Director since: January 2010

Janice Joy Palmer
Age: 57
Occupation: Plant Nursery Owner
Director since: June 2006

Ewen James Silvester
Age: 46
Occupation: Scientist
Director since: January 2009

Phillip Andrew Newman
Age: 50
Occupation: Librarian
Director since: January 2010

Joanne Elizabeth Cox
Age: 37
Occupation: Administration assistant
Director since: January 2009
Resigned: January 2010

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>
Joanne Cox	7*	5
James Lacey	12	12
Brett McClellan	12	11
Mark McKenzie-McHarg	12	10
Cameron McKern	5*	5
Jan Palmer	12	10
Ewen Silvester	12	10
Mike Halsey	11*	11
Bob Neumayer	6*	6
Phil Newman	6*	6

*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 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 14 to the financial report.

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

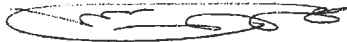
Up to 30 June 2010, no insurance in respect of officers had been paid, nor had any indemnity arrangements been entered into with auditors.

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 20th day of October, 2010.



Director, Michael Halsey



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 2010 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.

A handwritten signature in blue ink, appearing to read 'WHK'.

WHK Audit & Risk Assessment

A handwritten signature in blue ink, appearing to read 'Timothy S Frazer'.

Timothy S Frazer
Partner

Dated at Albury this 20th day of October 2010.

Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue from fuel sales		2,831,495	3,022,323
Revenue from other sales		531,518	535,579
Interest received		27	149
		<u>3,363,040</u>	<u>3,558,051</u>
Cost of goods sold	3(a)	3,103,949	3,267,023
Audit fees		11,454	8,950
Advertising and promotion		2,013	1,157
Depreciation and amortisation		23,814	30,044
Electricity		6,874	5,402
Employee expenses (including director-based payments)	3(b)	193,845	203,493
Government and bank charges		5,098	3,770
Insurance		3,530	3,850
Printing and stationery		6,877	8,843
Telephone		3,462	3,464
Rent		4,225	3,313
Other expenses		4,680	2,266
Community Contribution	18	1,000	12,847
		<u>3,370,821</u>	<u>3,554,422</u>
(Loss)/Profit before tax		(7,781)	3,629
Income tax expense/(benefit)	20(a)	(10,537)	9,097
(Loss)/Profit for the period		<u>2,756</u>	<u>(5,468)</u>
Other comprehensive income		-	-
		<u>2,756</u>	<u>(5,468)</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 26.

Statement of financial position

As at 30 June 2010

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	2	775	23,363
Trade and other receivables	4	83,714	115,840
Inventories	5	129,697	149,010
Other assets	6	1,000	1,000
TOTAL CURRENT ASSETS		<u>215,186</u>	<u>289,213</u>
NON CURRENT ASSETS			
Property, plant and equipment	7	346,990	360,925
Deferred tax assets	20(c)	5,568	-
TOTAL NON CURRENT ASSETS		<u>352,558</u>	<u>360,925</u>
TOTAL ASSETS		<u>567,744</u>	<u>650,138</u>
CURRENT LIABILITIES			
Trade and other payables	8	122,350	193,974
Provisions		-	-
Income tax payable	20(b)	(12,458)	2,377
Employee benefits	9	8,997	4,364
Bank overdraft		13,046	16,370
TOTAL CURRENT LIABILITIES		<u>131,935</u>	<u>217,085</u>
TOTAL LIABILITIES		<u>131,935</u>	<u>217,085</u>
NET ASSETS		<u>435,809</u>	<u>433,053</u>
EQUITY			
Issued capital	10	423,100	423,100
Retained earnings	11	12,709	9,953
TOTAL EQUITY		<u>435,809</u>	<u>433,053</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 26.

Statement of Recognised Income and Expenditure For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Net Income recognised directly in Equity		-	-
Profit for the Period		2,756	11,348
Restatement of prior period error	1(q)	-	(16,816)
Total recognised income and expense for the Period		<u>2,756</u>	<u>(5,468)</u>

Statement of cash flows For the year ended 30 June 2010

Cash flows from operating activities

Cash receipts in the course of operations		3,396,833	3,891,696
Interest received		27	149
Cash payments in the course of operations		(3,405,245)	(3,899,283)
Community commitment sponsorship payments		(1,000)	(12,847)
Net cash provided by/(used in) operating activities	12	<u>(9,385)</u>	<u>(20,285)</u>

Cash flows from investing activities

Payments for property, plant and equipment		(9,879)	(2,610)
Net cash used in investing activities		<u>(9,879)</u>	<u>(2,610)</u>

Cash flows from financing activities

Repayments of borrowings		-	-
Proceeds from the issue of shares		-	-
Dividend paid		-	(18,701)
Net cash used in financing activities		<u>-</u>	<u>(18,701)</u>
Net increase/(decrease) in cash held		(19,264)	(41,596)
Cash at the beginning of the financial year		6,993	48,589
Cash at the end of the financial year		<u>(12,271)</u>	<u>6,993</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 26.

Notes to and forming part of the financial statements For the year ended 30 June 2010

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 20th October, 2010.

(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.

(b) Basis of preparation

The financial report is presented in Australian dollars.

The following standards, amendments to standards and interpretations are available for early adoption at 30 June 2010, but have not been applied in preparing these financial statements:

- *AASB 9 Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace *AASB 139: Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Company’s 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Company has not yet determined the potential effect of the standard.
- *AASB 124 Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Company’s 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- *AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affects various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement processes. The amendments, which become mandatory for the Company’s 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

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.

Notes to and forming part of the financial statements For the year ended 30 June 2010

1. Significant accounting policies (cont'd)

(b) Basis of preparation (cont'd)

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.

(c) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement 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 sheet 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 income statement 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.