



**TAFCO**

**TAFCO**  
RURAL SUPPLIES

# ANNUAL REPORT to MEMBERS 2010-2011

*Primary Producer Proud*

## **BOARD OF DIRECTORS:**

Mr. Allan McGUFFIE                      Chairman  
Mr. Joe LaSPINA                      Deputy Chairman  
Mr. Lachlan CAMPBELL  
Mr. Paul DALBOSCO  
Mr. Angelo GRASSI  
Mr. Antonio (Nino) MAUTONE  
Mr. Walter SARTORI

## **Observer Directors:**

Mr. Guido COSSIGNANI  
Mr. Dan IVONE

## **SECRETARY:**

Ms. Kerry MURPHY

## **MERCHANDISING MANAGER:**

Mr. Tony VACCARO

## **STAFF:**

Mr. Glenn COUSINS  
Mr. Ben NICOLL  
Mr. Tony LaSPINA (deliveries)  
Mr. Gary BAXTER – SMARTchoice Project Officer  
Mr. Nick RUARO (trainee)

**AUDITOR:**                      Mr. Sam MAROTTA

**ACCOUNTANTS:**              ALPINE TAX

**BANKERS:**                      ANZ Banking Group - MYRTLEFORD BRANCH

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## **NOTICE TO MEMBERS.**

**NOTICE** IS HEREBY GIVEN OF THE ANNUAL GENERAL MEETING OF THE TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED, TO BE HELD AT THE MYRTLEFORD SAVOY SPORTING CLUB MEMBERS BAR, GREAT ALPINE ROAD MYRTLEFORD ON THURSDAY 24<sup>th</sup> NOVEMBER 2011 commencing at 6.00p.m

### **BUSINESS:**

1. Attendance & Apologies
2. Confirmation of the Minutes of the Annual General Meeting held on Thursday 25<sup>th</sup> November, 2010
3. Business Arising
4. Chairman's Report
5. Managers Report
6. Receiving & Adopting of the: (a) Profit & Loss Statement  
(b) Balance Sheet  
(c) Directors Statement (Declaration)  
(d) Auditors Report
7. Appointment of Directors: By rotation, the following Directors retire: Paul Dalbosco and Nino Mautone and are available for re-election  
*(Additional nomination forms on last page of report)*
8. Ratification of Rates of Dividend, Bonus & Rebates.  
At the Directors meeting held on the June 2011 a motion was carried issuing a 5% dividend to members and a 2% rebate on members trading 01.04.10 to 31.03.11 be paid as a credit on members accounts.
9. Directors Fees - Ratification  
At the Directors Meeting held on the 24<sup>th</sup> June 2009, a motion was carried that the Chairman's Annual Allowance remain at \$8,000 per annum and the Directors Sitting Fee- Day Allowance be increased to \$150 per day for ratification at AGM.  
**Directors have reviewed and allowance and fees remain unchanged.**

**By Order of the Board.**  
**Kerry Murphy.**  
**(SECRETARY)**

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED, HELD ON THE 25<sup>th</sup> NOVEMBER 2010 AT TAFCO RURAL SUPPLIES MYRTLEFORD WHICH COMMENCED AT 5.10p.m.**

**PRESENT:**

A.McGuffie, J.LaSpina, L.Campbell, G.Cossignani, A.Grassi, D.Ivone, N.Mautone, W.Sartori, D.Sacco, P & A Cunico, T.Vaccaro & K.Murphy

**APOLOGIES:** P.Dalbosco, M.Milne, D.Harley, C.McCormack.

Moved G.Cossignani/N.Mautone that the apologies be accepted.

CARRIED.

**MINUTES:**

Moved L.Campbell/W.Sartori that the Minutes of the Annual General Meeting, held on Thursday 11<sup>th</sup> February 2010 be confirmed.

CARRIED.

**BUSINESS ARISING:** Nil

**CHAIRMAN'S REPORT:**

The Chairman tabled and spoke to his written report which was included in the Annual Report. Members, staff and Directors were thanked for their support during the year.

Moved A.McGuffie/N.Mautone that the Chairman's Report be received.

CARRIED.

**MANAGERS REPORT:**

The Manager, Tony Vaccaro reported on another successful year with a turnover just over of \$3 million. There had been no significant increase in sales but an increase in profit due to other income such as rental of office space and commissions.

The Manager thanked the Board, staff and members for their support throughout the year.

Moved W.Sartori/J.LaSpina that the Managers report be received.

CARRIED.

**FINANCIAL REPORTS:**

Moved N.Mautone/D.Sacco that the Balance Sheet, the Profit & Loss Statement, the Directors Report and the Auditors Report be received.

CARRIED.

**APPOINTMENT OF DIRECTORS:**

By rotation the following Directors retired: Allan McGuffie and Angelo Grassi

There being no other nominations received by close of business on Monday 22<sup>nd</sup> November 2010, the meeting confirmed the re-appointment of A.McGuffie and A.Grassi

Moved N.Mautone/L.Campbell that Allan McGuffie and Angelo Grassi be appointed as Directors for a 3 year term.

CARRIED.

**RATIFICATION OF RATES & DIVIDEND:**

Moved A.Grassi/W.Sartori ratified that a 3.0% rebate on members trading as at the 31st of March 2010 and a 7% dividend on shares was made to members as a credit on their account.

CARRIED.

**DIRECTORS FEES:**

Members were informed that at the Directors Meeting held on 24<sup>th</sup> June 2009 Directors carried a motion that there be no increase to the Chairman's Annual Allowance of \$8,000 per annum and that Directors sitting Fees be increased to \$150 per day.

Moved P.Cunico/D.Sacco that an annual Chairman's Allowance of \$8,000 and Directors Day Allowance of \$150 be ratified.

CARRIED.

**GENERAL BUSINESS:**

It was noted that the Guide to the Proposed Plan for the Murray Darling Basin Authority was a major issue and that TAFCO would dedicate resources towards ensuring that the proposed 40-45% cuts to irrigation does not come to fruition.

Members were thanked for their attendance and the meeting closed.

**MEETING CLOSED:** 5.40p.m.

.....  
Chairman

dated

## **CHAIRMANS REPORT.**

*The Board are acutely aware of the need for stimulus in the agriculture sector if our business is to achieve long term sustainability.*

*The Board together with Management and staff are always exploring options to grow and improve our business and the service we provide. A number of sub-committees have been established and have worked with Management in the areas of Finance & Governance, Special Projects and Water throughout the year.*

*Through the Finance & Governance committee, budgets have been developed, shares have been capped to retain members equity and a review of inactive shareholders has taken place with non-trading members informed that active membership is a requirement under the Co-operatives Act 1996.*

*I have attended the Murray Darling Basin Consultative Committee established by the Victorian State Minister for Water and TAFCO has written submissions to the MDBA, Senate Select Committee enquiries and had delegations to the MDBA. Water is a key element to the future viability of agriculture in the region and is fast becoming an unaffordable commodity to many members who are not utilizing this resource.*

*Our delivery service throughout the region has remained a core strength in servicing the King, Kiewa, Ovens and Beechworth areas. TAFCO has welcomed 11 new members this financial year and is always looking at strategies to grow our business in the coming years.*

*TAFCO has continued to provide a range of opportunities to our members and others through the management of a number of projects which have secured external funding from various bodies. Training was offered to members in the co-ordination of AgVet Chemical Refresher Training in Chemical Risk Management, Freshcare Quality Assurance and FodderCare.*

*Although our major project 'SMARTchoice' concluded on the 30<sup>th</sup> June 2011, Project officer Gary Baxter continues in a small role to work with farmers focusing on new crop development through funds provided by the Australian Alpine Valleys Agribusiness Forum.*

*We have been represented on the Alpine Valleys Agrifood Group, an initiative by the Rural City of Wangaratta and the Alpine Shire to stimulate economic investment in the rural sector.*

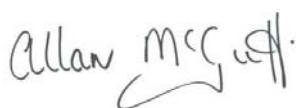
*In closing, I would like to thank the Board for their support during the year and their contributions around the Board table as we grapple with ways to improve sustainability through provision of goods and services to members.*

*To the TAFCO staff, one of our greatest assets, thank you all.*

*Finally, to you our members,*

*Importantly this business exists for you the members, your continued support and purchases are critical to our business. TAFCO is a true success story of a farmers trading co-operative.*

*As we enter our 25<sup>th</sup> year of business and I look forward to how best we can continue to benefit all members.*



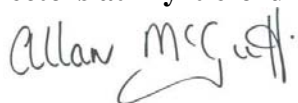
Allan McGuffie  
**CHAIRMAN OF DIRECTORS.**

## **DIRECTORS REPORT:**

In accordance with the Co-Operation Act 1996, your Directors submit their report together with audited financial statements for the year ended 30th June 2011:-

- (a) The names of the directors in Office for the period of this Report 01.07.10 to 30.06.11 are; Allan McGuffie , Joe LaSpina, Lachlan Campbell, Paul Dalbosco, Angelo Grassi, Nino Mautone & Walter Sartori and are listed on the first page of the Annual Report.
- (b) The principal activity of the co-operative is to provide a retail outlet for agricultural products and Merchandise. There were no significant changes in the nature of these activities during the year.
- (c) The net amount of profit and loss of the Co-operative for the Financial year ended 30th June 2011, after provisions for income tax was a profit of \$65,389.74
- (d) A total of 605,531 fully paid Shares at \$1.00 each are Registered fully paid Shares.
- (e) The Directors recommended a 5% dividend (\$32,276.55) & a 2% rebate on trading (\$46,590.45) which was paid on the 30<sup>th</sup> June 2011.
- (f) The operations of the Co-operative are not subject to environmental regulations.
- (g) At the date of this Report, no change to assets of the co-operative which has arisen since the end of the Financial Year and secures the liabilities of any other person AND the Directors at the time of this Report believe that there is NO contingent liability which has arisen since the end of the financial year.
- (h) At the date of this Report, the Directors were not aware of any circumstances not otherwise dealt with in the report or accounts which would render any amount stated in the accounts misleading.
- (i) In the opinion of Directors, there has not arisen during the interval of the end of the Financial Year and the date of this Report, any item, transaction or event of a material and unusual nature likely to substantially affect the results of the operations of the Co-operative for the next succeeding Financial Year.
- (j) The Directors have not during the course of the year or since the end of the year granted to a person an option to have issued to him shares in the Co-operative
- (k) Since the end of the financial year, no Director has received or become entitled to receive a benefit, by reason of a contract made by the Co-operative with the Director or with a firm which he is a member or with a company in which he has a substantial financial interest.
- (l) No Indemnities or insurance premiums have been paid during or since the end of the financial year for a person who is or has been an officer or auditor of the Co-operative

**Signed in accordance with a resolution of the Board and is signed for and on behalf of the Directors at Myrtleford on Wednesday 5<sup>th</sup> October 2011**



**ALLAN McGUFFIE**  
Chairman

**JOE LaSPINA**  
Deputy Chairman

## **DIRECTORS DECLARATION:**

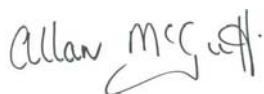
In accordance with a resolution of the Board of Directors we, ALLAN McGUFFIE and JOE LaSPINA being two Directors of the Tobacco & Associated Farmers Co-operative Limited, state on behalf of and in accordance with a resolution of the Directors, that, the Directors have determined that the co-operative is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies prescribed in Note 1 to the financial statements.

The Directors of the co-operative declare that:

1. The accompanying Financial Statements and notes for the financial year 1st July 2010 to 30th June 2011, are prepared in accordance with the *Co-operatives Act 1996*, and:
  - (a) give a true and fair view of the state of affairs of the Co-Operative for the financial year 1st July 2010 to 30th June 2011; and
  - (b) comply with applicable accounting standards.
2. At the date of this declaration, there are reasonable grounds to believe that the co-operative will be able to pay its debts as and when they become due and payable.
3. The Co-operative has kept such accounting records that correctly record and explain the transaction and financial position of the co-operative.

Declared at Myrtleford on 5<sup>th</sup> October 2011

ON BEHALF OF THE BOARD.



ALLAN McGUFFIE

JOE LaSPINA



## TRADING ACCOUNT for the year ended 30 June 2011

### Trading Income

Sales	3,339,667.63	3,327,082.65
<b>Total Trading Income</b>	<b>3,339,667.63</b>	<b>3,327,082.65</b>

### Cost of Sales

#### Add:

Opening stock	433,375.16	341,557.62
Purchases	2,809,128.54	2,949,532.01
Freight	29,873.57	35,859.95
Discount Given to Customers		239.49
	3,272,377.27	3,327,189.07

#### Less:

Closing Stock	386,700.00	433,375.16
	386,700.00	433,375.16
<b>Cost of Sales</b>	<b>2,885,677.27</b>	<b>2,893,813.91</b>
<b>Gross Profit from Trading</b>	<b>453,990.36</b>	<b>433,268.74</b>

## Detailed Profit and Loss Statement for the year ended 30 June 2011

	2011	2010
	\$	\$
<b>Income</b>		
Trading profit	453,990.36	433,268.74
Bad debts recovered	558.75	
Commissions received	75.00	524.80
Dividends received	17,587.74	14,829.15
Training Income	14,798.00	16,524.00
Insurance Recoveries		5,203.98
Interest received	8,852.24	11,218.81
Interest Received - Debtors	12,861.00	10,504.32
Reimbursement Wages	2,142.95	2,425.15
Other income		34.05
Profit/Loss on sale of assets		620.46
Project funding income	99,685.32	184,125.56
Rebate - Fuel	880.34	1,179.85
Rebates-Merchandise	67,949.34	100,598.05
VFF Rebates	21,824.50	19,618.45
Rent received	18,719.96	20,323.30
Total income	719,925.50	820,998.67
<b>Expenses</b>		
Accountancy	2,178.50	2,271.45
Advertising and promotion	8,577.44	10,680.29
Amenities	845.87	1,229.06
Amortisation Preliminary Expenses		5.50
Audit fees	8,534.75	8,435.75
Bad debts	13,661.01	6,564.54
Bank fees and charges	8,214.33	8,631.07
Chairmans allowance	8,000.04	8,003.00
Cleaning/rubbish removal	5,739.34	6,586.48
Computer Installation & Training	13,339.32	4,248.00
Debt collection	50.00	
Depreciation - plant	14,585.00	13,573.00
Special - Building W/off	10,174.00	10,195.00
Directors expenses	4,500.00	4,400.00
Donations		(120.00)
Doubtful debts	26,746.00	(6,371.00)
Electricity & Heating - 215 Myrtle St	5,368.39	3,820.40
Electricity & Heating - 231 Myrtle St	405.97	298.88
Entertainment	895.26	1,361.13
Entertainment - Project funding	1,008.00	3,609.69
Farmer Training Courses	12,899.68	12,673.70
Fringe benefits tax	3,302.43	3,072.27
Insurance	15,045.97	12,122.94
Interest - Overdraft	3,786.29	1,692.96
Legal fees		27.55
Licences & registrations	201.93	294.30

## Detailed Profit and Loss Statement for the year ended 30 June 2011

	2011	2010
	\$	\$
Members Fees - AIRR	5,000.00	5,000.00
M/V car - Fuel & oil	6,152.73	5,029.41
M/V car - Lease	13,952.40	12,612.21
M/V car - Running Expense	2,613.79	2,309.60
M/V Truck - Fuel & oil	8,205.10	6,652.77
M/V Truck - Running Expense	4,502.74	4,057.43
M/V Utility - Fuel & oil	4,806.08	3,940.22
M/V Utility - Lease	4,523.88	4,523.88
M/V Utility - Running Expense	2,454.43	(222.04)
Open Day Expenses	1,418.60	
Postage	769.35	13.50
Printing & stationery	4,131.86	8,311.68
Project funding expenses	46,065.85	121,889.70
Rates & land taxes-215 Myrtle Street	4,783.05	4,503.61
Rates & Taxes-231 Myrtle Street	2,104.45	1,958.75
Repairs & maintenance	646.62	2,612.49
Repairs & Maintenance-215 Myrtle Street	5,065.98	2,808.13
Repairs & Maintenance.-231 Myrtle Street	72.20	40.00
Repairs & maintenance Forklift	2,820.63	3,256.54
Replacements	476.00	889.07
Security	1,991.00	1,670.00
Seminars	320.00	300.00
Staff training	190.00	1,444.79
Subscriptions	1,109.37	1,153.09
Superannuation	28,651.04	24,140.19
Telephone	11,727.58	13,455.27
Travel, accom & conference	322.67	206.14
Travel, accom & Conf - VFF		483.64
Uniforms	645.09	1,046.82
Wages	265,310.34	246,909.30
Wages - Project funding	45,032.87	51,912.85
Web Page Setup & Maintenance		468.18
WorkCover	3,250.94	2,479.77
Total expenses	647,176.16	653,162.95
<b>Profit from Ordinary Activities before income tax</b>	<b>72,749.34</b>	<b>167,835.72</b>

## Profit and Loss Statement for the year ended 30 June 2011

	2011	2010
	\$	\$
Operating profit before income tax	72,749.34	167,835.72
Income tax attributable to operating profit (loss)	7,359.60	12,457.80
<b>Operating profit after income tax</b>	<b>65,389.74</b>	<b>155,377.92</b>
Retained profits at the beginning of the financial year	325,767.70	312,612.46
Over-provision of tax		3,264.00
Total available for appropriation	391,157.44	471,254.38
Dividends provided for or paid	30,276.55	42,907.76
Aggregate of amounts transferred to reserves	770.00	20,571.00
Other appropriations	46,590.45	82,007.92
	77,637.00	145,486.68
<b>Retained profits at the end of the financial year</b>	<b>313,520.44</b>	<b>325,767.70</b>

**DETAILED BALANCE SHEET as at the 30 June 2011**

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>Current Assets</b>		
<b>Cash Assets</b>		
ANZ Cash management account	33.24	14,295.44
ANZ Term Deposit	270,040.28	261,193.25
Cash on hand	600.00	600.00
Petty cash	200.00	200.00
	270,873.52	276,288.69
<b>Receivables</b>		
Trade debtors	426,724.09	159,259.33
Other Trade Debtors	8,636.22	50,293.67
Less: Provision doubtful debts	(42,672.00)	(15,926.00)
	392,688.31	193,627.00
<b>Inventories</b>		
Stock on hand	386,700.00	433,375.16
	386,700.00	433,375.16
<b>Other Financial Assets</b>		
Shares Listed - Incitec Pivit	15,672.00	11,084.00
Shares Unlisted - A.I.R.R.	185,066.00	138,567.00
	200,738.00	149,651.00
<b>Other</b>		
Prepaid Expenses	825.00	
<b>Total Current Assets</b>	<b>1,251,824.83</b>	<b>1,052,941.85</b>
<b>Non-Current Assets</b>		
<b>Property, Plant and Equipment</b>		
Land @ Cost - 215 Myrtle Street	62,000.00	62,000.00
Land @ Cost - 231 Myrtle Street	34,596.50	34,596.50
Buildings 231 Myrtle St @ Dir. Valuation	160,000.00	160,000.00
Buildings - at cost	382,745.93	382,745.93
Buildings 231 Myrtle St - Shed Part.	4,250.00	4,250.00
Less: Accumulated Write Off	(120,504.00)	(110,330.00)
Plant & equip - at cost	161,113.83	157,218.83
Less: Accumulated depreciation	(98,469.00)	(83,884.00)
	585,733.26	606,597.26
<b>Intangible Assets</b>		
Goodwill		15,000.00
Less: Accumulated amortisation		(15,000.00)
<b>Other</b>		
Preliminary expenses		17,465.50
Less: Accumulated amortisation		(17,465.50)
<b>Total Non-Current Assets</b>	<b>585,733.26</b>	<b>606,597.26</b>
<b>Total Assets</b>	<b>1,837,558.09</b>	<b>1,659,539.11</b>

**DETAILED BALANCE SHEET as at the 30 June 2011**

	2011	2010
	\$	\$
<b>Current Liabilities</b>		
<b>Payables</b>		
<b>Unsecured:</b>		
Trade creditors	364,611.65	167,468.22
	364,611.65	167,468.22
<b>Financial Liabilities</b>		
<b>Unsecured:</b>		
ANZ Chq A/c 47723	49,585.24	97,838.99
	49,585.24	97,838.99
<b>Current Tax Liabilities</b>		
GST Clearing Account		10,171.61
Provision Income Tax	(8,894.66)	(14,800.72)
	(8,894.66)	(4,629.11)
<b>Provisions</b>		
Provision - Long Service Leave	32,643.00	30,014.00
Provision - Annual Leave	17,667.00	22,795.00
	50,310.00	52,809.00
<b>Other</b>		
Prepaid Income	11,640.00	10,000.00
	11,640.00	10,000.00
<b>Total Current Liabilities</b>	<b>467,252.23</b>	<b>323,487.10</b>
<b>Non-Current Liabilities</b>		
<b>Financial Liabilities</b>		
<b>Unsecured:</b>		
Loan Account - Members re GST	2,695.70	3,327.59
	2,695.70	3,327.59
<b>Total Non-Current Liabilities</b>	<b>2,695.70</b>	<b>3,327.59</b>
<b>Total Liabilities</b>	<b>469,947.93</b>	<b>326,814.69</b>
<b>Net Assets</b>	<b><u>1,367,610.16</u></b>	<b><u>1,332,724.42</u></b>
<b>Equity</b>		
<b>Issued Capital</b>		
Ordinary Shares Of \$1	605,531.00	612,968.00
<b>Reserves</b>		
Capital profit reserve	41,170.15	41,170.15
General Reserve	163,240.00	159,971.00
Asset Revaluation Reserve	244,148.57	192,847.57
Retained profits / (accumulated losses)	313,520.44	325,767.70
<b>Total Equity</b>	<b><u>1,367,610.16</u></b>	<b><u>\$1,332,724.42</u></b>

## Notes to the Financial Statements for the year ended 30 June 2011

<b>Cash Flow From Operating Activities</b>	<b>\$</b>	<b>\$</b>
Operating profit (loss) after tax	65,389.74	155,377.92
(Profit) Loss on sale of plant & equipment	0.00	-620.46
Depreciation/BWOA	24,759.00	23,768.00
Amortisation	0.00	5.50
Income Tax Paid	-1,453.54	-12,457.80
(Increase) decrease in trade debtors	-267,464.76	63,707.02
(Increase) decrease in other debtors	41,657.45	-7,160.63
(Increase) decrease in finished goods	46,675.16	-91,817.54
(Increase) decrease in prepayments expense	-825.00	0.00
Increase (decrease) in prepayments income	1,640.00	-10,000.00
Increase (decrease) in GST clearing	-10,171.61	7,307.61
Increase (decrease) in Doubtful debts provisio	26,746.00	-6,371.00
Increase (decrease) in employee entitlements	-2,499.00	12,802.00
Increase (decrease) in provision for income tax	5,906.06	10,421.83
Increase (decrease) in trade creditors and accruals	197,143.43	-74,209.22
Increase (decrease) in other creditors	0.00	0.00
<b><i>Net cash provided by (used in) operating activities</i></b>	<b>127,502.93</b>	<b>70,753.23</b>
<b>Cash Flow From Investing Activities</b>		
(Increase) decrease in plant & equipment	-3,895.00	-33,313.73
(Increase) decrease in loans to shareholders	-631.89	3,028.45
(Increase) decrease in Loans - other A.I.R.R.	0.00	0.00
(Increase) decrease in Shares - other Companies	-51087.00	-28390.00
Increase (decrease) in other reserves	55253.54	27943.70
<b><i>Net cash provided by (used in) investing activities</i></b>	<b>-360.35</b>	<b>-30,731.58</b>
Increase (decrease) in provision for dividends	-30,276.55	-42,907.76
Proceeds of issue of shares	-7,437.00	3,001.00
Increase (decrease) members rebate	-46,590.45	-82,007.92
Increase (decrease) bonus shares	0.00	0.00
Increase (decrease) Prior Year Adjustments	0.00	-3,264.00
Proceeds of borrowings	0.00	0.00
<b><i>Net cash provided by (used in) financing activities</i></b>	<b>-84,304.00</b>	<b>-125,178.68</b>
<b>Net increase (decrease) in cash held</b>	<b>42,838.58</b>	<b>-85,157.03</b>
<b>Cash at the beginning of the year</b>	<b>178,449.70</b>	<b>263,606.73</b>
<b>Cash at the end of the year</b> (Note 1.)	<b>221,288.28</b>	<b>178,449.70</b>
<b>Note 1. Reconciliation Of Cash</b>		
ANZ Chq A/c 47723	-49,585.24	-97,838.99
ANZ Cash management account	33.24	14,295.44
ANZ Term Deposit	270,040.28	261,193.25
Cash on hand	600.00	600.00
Petty cash	200.00	200.00
<i>The accompanying notes form part of these financial statements.</i>	<b>221,288.28</b>	<b>178,449.70</b>

## Note 1: Summary of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependant on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of the members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of the members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of the statements are as follows:

### (a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income). The company does not apply deferred tax.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

### (b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

### (c) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

### (d) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reasonably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

### (e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### (f) Revenue and Other Income

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognised related to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.



## Notes to the Financial Statements for the year ended 30 June 2011

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

### (g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

### (h) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

## Note 2: Dividends

Members Dividend	30,276.55	42,907.76
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## Note 3: Cash assets

Bank accounts:

ANZ Cash management account	33.24	14,295.44
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ANZ Term Deposit	270,040.28	261,193.25
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Other cash items:

Cash on hand	600.00	600.00
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Petty cash	200.00	200.00
------------	--------	--------

<b>270,873.52</b>	<b>276,288.69</b>
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## Note 4: Receivables

### Current

Trade debtors	435,360.31	209,553.00
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Provision for doubtful debts	(42,672.00)	(15,926.00)
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392,688.31	193,627.00
------------	------------

<b>392,688.31</b>	<b>193,627.00</b>
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## Note 5: Inventories

### Current

Finished goods at cost	386,700.00	433,375.16
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<b>386,700.00</b>	<b>433,375.16</b>
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<b>30,276.55</b>	<b>42,907.76</b>
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## Note 6: Other Financial Assets

### Current

Shares in other corporations - at cost:

- Listed on a prescribed stock exchange	15,672.00	11,084.00
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- Unlisted	185,066.00	138,567.00
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200,738.00	149,651.00
------------	------------

<b>200,738.00</b>	<b>149,651.00</b>
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## Note 7: Other Assets

### Current

Prepayments **825.00**

### Non Current

Preliminary expenses 17,465.50  
 Less: accumulated amortisation (17,465.50)

## Note 8: Property, Plant and Equipment

### Freehold land:

- At cost 96,596.50 96,596.50  
 - At independent valuation 160,000.00 160,000.00  
**256,596.50 256,596.50**

### Buildings:

- At cost 386,995.93 386,995.93  
 - Less: Accumulated depreciation (120,504.00) (110,330.00)  
**266,491.93 276,665.93**

### Plant and equipment:

- At cost 161,113.83 157,218.83  
 - Less: Accumulated depreciation (98,469.00) (83,884.00)  
 62,644.83 73,334.83  
**585,733.26 606,597.26**

## Note 9: Intangible Assets

### Goodwill:

- At cost 15,000.00  
 - Less: Accumulated amortisation (15,000.00)

## Note 10: Payables

### Unsecured:

- Trade creditors **364,611.65 167,468.22**

## Note 11: Provisions

### Current

Employee entitlements\* **50,310.00 52,809.00**

\* Aggregate employee entitlements liability

There were 7 employees at the end of the year

## Note 12: Contributed Capital

### 605531 Ordinary shares at \$1.00 each fully paid

**605,531.00 612,968.00**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.



# AUDITORS REPORT

To the members,

In my opinion:

1. The accompanying Financial Statements, being Profit and Loss Account, Balance Sheet, Cash Flows Statement and notes to the accounts are properly drawn up in accordance with the provisions of the *Co-operatives Act 1996*, including:
  - a) giving a true and fair view of:
    - (i) The state of affairs of the Co-operative at the 30<sup>th</sup> June 2011 and of the results and cash flows of the Co-operative for the year ended on that date; and
    - (ii) The other matters required by Section 238 of the *Co-operatives Act 1996* to be dealt with in the financial statements; and
  - b) complying with applicable Accounting Standards and other mandatory professional reporting requirements
2. The accounting records and other records, and the registers required by the Act to be kept by the Co-operative have been properly kept in accordance with the provisions of that Act.
3. I have been given all information, explanations and assistance necessary for the conduct of the audit.

Dated at MYRTLEFORD this 27<sup>th</sup> day of September 2011

  
Full Name: SAM P. MAROTTA\_GD(acctg); Fellow NTAA; RTA; JP

SAM P MAROTTA GD (acctg); Fellow NTAA; RTA; JP  
REGISTERED COMPANY AUDITOR. Reg No: 8799  
Telephone: 03-57511411

**NOMINATION FORM**

**ANY SHAREHOLDER WHO WISHES TO NOMINATE A MEMBER TO SERVE AS A DIRECTOR OF THE TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LTD AT THE ANNUAL GENERAL MEETING PLEASE FILL IN THE DETAILS BELOW AND RETURN TO SECRETARY BEFORE MONDAY 21<sup>st</sup> NOVEMBER 2011 (\*\*N.B.**

Nomination Forms are not required for existing Directors.)

I (Name) .....

(Address) of, .....

Signed: .....

I (Name) .....

(Address) of, .....

Signed: .....

Being Shareholders in The Tobacco & Associated Farmers Co-operative, wish to nominate the following person to serve as a Director on the Board of TAFCO.

I (name) .....

of (address).....

.....

being a shareholder of the Tobacco & Associated Farmers Co-operative Ltd hereby accept the above nomination and will provide to members details as required under the Co-operatives Act 1996 and according to the Rules of the Co-operative Section 41(6):-

- i. Date of Birth
- ii. Qualifications and experience
- iii. Length of any previous service as a director of the co-operative or with any other co-operative

Signed by Nominee : .....Dated :.....

Please return to : The Secretary  
The Tobacco & Associated Farmers Co-operative,  
P.O. Box 277  
MYRTLEFORD. 3737.

**Or hand deliver to TAFCO Rural Supplies, 215 Myrtle St, Myrtleford by Monday 21<sup>st</sup> November 2011**