



**TAFCO**

**TAFCO**  
RURAL SUPPLIES

ANNUAL REPORT  
to MEMBERS  
2011-2012

*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. Nick RUARO  
Mr. Gerard SACCO (from 01.04.2012)  
Mr. Tony LaSPINA (deliveries)  
James Mostyn (casual from 01.04.12)

**AUDITOR:** Mr. Sam MAROTTA

**ACCOUNTANTS:** ALPINE TAX

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

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**NOTICE TO MEMBERS & AGENDA.**

**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 31<sup>ST</sup> JANUARY 2013 commencing at 6.00p.m

**BUSINESS:**

1. Attendance & Apologies
2. Confirmation of the Minutes of the Annual General Meeting held on Thursday 24<sup>th</sup> November, 2011
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, J. LaSpina, W.Sartori & L.Campbell retire and are available for re-election: W.Sartori is unavailable for re-election & observer Director G.Cossignani has indicated his intent to nominate to fill the vacancy. *(Additional nomination forms on last page of report)*
8. Ratification of Rates of Dividend, Bonus & Rebates.  
At the Directors meeting held on the 6<sup>th</sup> June 2012 a motion was carried issuing a 5% dividend to members and a 2 % rebate on members trading 01.04.11 to 31.03.12 be paid as a credit on members accounts.
9. Directors Fees - Ratification  
At the Directors Meeting held on the 5<sup>th</sup> December 2012, a motion was carried that the Chairman's Annual Allowance remain at \$8,000 per annum and the Directors Sitting Fee- Day Allowance remain at \$150 per day.  
**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 24<sup>th</sup> NOVEMBER 2011 HELD AT THE MYRTLEFORD SAVOY SPORTING CLUB WHICH COMMENCED AT 6.30p.m.**

**PRESENT:**

A.McGuffie, G.Cossignani, D.Ivone, P.Caponecchia, G.Marasco, A.Roman, P & A Cunico, S.Gigliotti, T.Vaccaro & K.Murphy

**APOLOGIES:**

J.LaSpina, L.Campbell, P.Dalbosco, A.Grassi, W.Sartori, C.McCormack, P.Burrowes T.Ferraro.

Moved D.Ivone/G.Cossignani that the apologies be accepted. CARRIED.

**MINUTES:**

Moved P.Cunico/P.Caponecchia that the Minutes of the Annual General Meeting, held on Thursday 25<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 G.Marasco/P.Cunico 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 \$3.3 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 G.Cossignani/D.Ivone that the Managers report be received. CARRIED.

**FINANCIAL REPORTS:**

Moved P.Caponecchia/A.Roman 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: Paul Dalbosco and Nino Mautone

There being no other nominations received by close of business on Monday 21<sup>st</sup> November 2011, the meeting confirmed the re-appointment of Paul Dalbosco and Nino Mautone

Moved P.Cunico/G.Marasco that Paul Dalbosco and Nino Mautone be appointed as Directors for a 3 year term.

CARRIED.

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED, HELD ON THE 24<sup>th</sup> NOVEMBER 2011 (cont.)**

**RATIFICATION OF RATES & DIVIDEND:**

Moved P.Caponecchia/G.Cossignani ratified that a 2.0% rebate on members trading as at the 31st of March 2011 and a 5% 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 A.Roman/P.Cunico that an annual Chairman's Allowance of \$8,000 and Directors Day Allowance of \$150 be ratified.

CARRIED.

**GENERAL BUSINESS:**

None.

Members were thanked for their attendance and the meeting closed.

**MEETING CLOSED:** 6.55p.m.

.....  
Chairman dated

## **CHAIRMANS REPORT.**

*TAFCO celebrated its 25<sup>th</sup> year in business and is currently well positioned to remain a strong business entity as we embark on a new growth stage for the co-operative.*

*During the course of the year Directors undertook a number of decisions to secure TAFCO's future including:*

- *The revaluation of the co-operatives major asset; land and buildings, which is reflected in the audited Financial figures.*
- *A review of inactive membership was undertaken as part of our governance role to ensure that our obligations under the co-operative Act were met. Members who had not traded for a period of time and were inactive as determined by the co-operative rules, were written to and given the opportunity to remain active or have their shares cancelled.*
- *Limiting shares in the co-operative to a maximum of 600,000*
- *Upgrading the truck with a larger tray for our regional delivery service*
- *Expanding office space and strengthening our partnership and lease agreement with Phil Ash Elders Insurance*
- *Sourcing external funding for agribusiness and weather station projects.*
- *Entering into an agreement with Murray Goulburn Trading to supply goods and services to their clients from the 1<sup>st</sup> April 2012 when their Myrtleford Store ceased trading.*

*How quickly the dynamics change – in November 2011 we farewelled Ben Nicoll who completed his two year tenure and in April 2012 we welcomed Gerard Sacco and James Mostyn to the TAFCO staff team. With the closure of Murray Goulburn Trading in Myrtleford; came new stock, new members, new challenges and a new “lease on life” giving the business an opportunity to expand and make investment decisions to secure and strengthen TAFCO.*

*34 new members became Shareholders during the 2011-12 year. Our base membership of 500 remains a core strength of the co-operative. The Board and management continue exploring new ways of expanding the provision of quality goods and service at competitive prices. Whilst this is our priority area and core business, we have pro-actively sourced external funding to provide a range of services to members which benefit the region as a whole.*

*We must acknowledge the contribution from our partners to continue offering the TAFCO Weather monitor service: The Alpine Shire, Rural City of Wangaratta, King Valley Vignerons, Ito En. An additional weather station was funded for Dinner Plain and added to the regional network. ([www.tafco.com.au](http://www.tafco.com.au) and follow the link to weather) There has been enquiry for additional stations to be added to the network but this will only happen if funding can be sourced.*

*During the course of the year TAFCO retained the limited services of Project Officer Gary Baxter through support received from the Australian Alpine Valleys Agribusiness Forum, Chestnuts Australia Inc. and Horticulture Australia. Two projects ran concurrently through the year - Improving Biosecurity Awareness in the Australian Chestnut Industry and SmartChoice III. TAFCO is conscious of the benefits to our members and the wider agricultural community through the provision of hosting visitors to our region. Presentations on the assets of the region, encouraging investment in agriculture continued without expense from trading profits due to Project Funding.*

*The Board are acutely aware of the need for stimulus in the agriculture sector for long term sustainability of our co-operative and we will continue to look at new income avenue streams to assist us continuing the “SmartChoice” program.*

## CHAIRMANS REPORT (cont.)

*During the year I represented TAFCO on the Victorian Basin Advisory Committee. Kerry attended two meetings in Canberra to look at the legislative instrument of the Murray Darling Basin Plan prior to the draft being released publically. TAFCO's submission to the MDBA did not support the Plan and outlined concerns over the social and economic impact on the region if adopted. The advocacy role taken on by TAFCO as a voice of members and the region is just one of our co-operatives points of difference to other businesses.*

*TAFCO'S future is positive, members input through a recent survey will have responses collated and provide valuable input to the Board about future directions.*

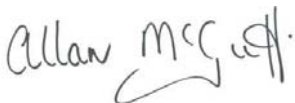
*Field days, new stock lines in store, member training and information on agribusinesses opportunities when they arise, will continue to be offered.*

*Partnerships will be explored and strengthened and improved electronic communications will be invested in.*

*There are busy times ahead for the Board, Management and staff – and with members ongoing support we will continue to improve our business.*

*Finally I would like to acknowledge the Board's contributions in steering the business under the Management Team of Tony Vaccaro & Kerry Murphy and to thank our staff members for their contributions to the business. Our staff are our public face, they have a well rounded product knowledge and they do a great job of making customers feel welcome.*

*It has been a very successful trading year, and one which we will grow in 2012-13.*



Allan McGuffie  
CHAIRMAN OF DIRECTORS.

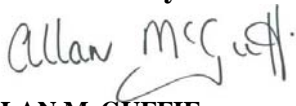


**DIRECTORS REPORT:**

In accordance with the Co-Operation Act 1996, your Directors submit their report together with audited financial statements for the year ended 30th June 2012:-

- (a) The names of the directors in Office for the period of this Report 01.07.11 to 30.06.12 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 2012, after provisions for income tax was a profit of \$156,969.37
- (d) A total of 599,019 fully paid Shares at \$1.00 each are Registered fully paid Shares.
- (e) The Directors recommended a 5% dividend (\$53,318.28) & a 2% rebate on trading (\$29,950.95) which was paid on the 30<sup>th</sup> June 2012.
- (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 of 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> December 2012**



**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 2011 to 30th June 2012, 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 2011 to 30th June 2012; 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> December 2012

ON BEHALF OF THE BOARD.



ALLAN McGUFFIE



JOE LaSPINA

<b>Trading Account</b>	<b>2012</b>	<b>2011</b>
<b>Trading Income</b>		
Sales	3,416,066.78	3,339,667.63
<b>Total Trading Income</b>	<b>3,416,066.78</b>	<b>3,339,667.63</b>
<b>Cost of Sales</b>		
<b>Add:</b>		
Opening stock	386,700.00	433,375.16
Purchases	2,939,879.42	2,809,128.54
Freight	38,080.45	29,873.57
	3,364,659.87	3,272,377.27
<b>Less:</b>		
Closing Stock	413,354.62	386,700.00
	413,354.62	386,700.00
<b>Cost of Sales</b>	<b>2,951,305.25</b>	<b>2,885,677.27</b>
<b>Gross Profit from Trading</b>	<b>464,761.53</b>	<b>453,990.36</b>

<b>Detailed Profit and Loss Statement</b>	<b>2012</b>	<b>2011</b>
<b>Income</b>		
Trading profit	464,761.53	453,990.36
Bad debts recovered	488.00	558.75
Commissions received		75.00
Dividends received	31,052.10	17,587.74
Training Income	3,145.00	14,798.00
Interest received	14,833.36	8,852.24
Interest Received - Debtors	11,580.48	12,861.00
Reimbursement Wages	2,855.85	2,142.95
Project funding income	41,921.75	99,685.32
Rebate - Fuel	959.53	880.34
Rebates - Merchandise	81,167.68	67,949.34
Rebates - Insurance	23,774.00	21,824.50
Rent received	19,196.63	18,719.96
Total income	695,735.91	719,925.50
<b>Expenses</b>		
Accountancy	2,067.50	2,178.50
Advertising and promotion	4,206.03	8,577.44
AGM Expenses	207.55	
Amenities	1,410.46	845.87
Audit fees	8,650.00	8,534.75
Bad debts	299.20	13,661.01
Bank fees and charges	9,667.56	8,214.33
Chairmans allowance	8,000.04	8,000.04
Cleaning/rubbish removal	6,581.53	5,739.34
Computer Installation & Training	8,407.50	13,339.32
Debt collection	109.09	50.00
Depreciation - plant	16,349.00	14,585.00
Special - Building W/off	10,156.00	10,174.00
Directors expenses	6,750.00	4,500.00
Doubtful debts	(16,858.00)	26,746.00
Electricity & Heating - 215 Myrtle St	6,449.37	5,368.39
Electricity & Heating - 231 Myrtle St	255.60	405.97
Entertainment	829.88	895.26
Entertainment - Project funding	129.00	1,008.00
Farmer Training Courses	2,569.45	12,899.68
Fringe benefits tax	4,127.00	3,302.43
Insurance	15,864.54	15,045.97
Interest - Overdraft	1,344.49	3,786.29
Legal fees	987.59	
Licences & registrations	547.80	201.93
Medical Expenses - Staff	28.40	
Members Fees - AIRR	5,000.00	5,000.00
M/V car - Fuel & oil	6,362.61	6,152.73
M/V car - Lease	2,325.40	13,952.40
M/V car - Running Expense	2,937.67	2,613.79
M/V Truck - Fuel & oil	7,834.07	8,205.10
M/V Truck - Running Expense	2,669.14	4,502.74

<b>Detailed Profit and Loss Statement</b>	<b>2012</b>	<b>2011</b>
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<b>Expenses (cont.)</b>		
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M/V Utility - Fuel & oil	4,220.18	4,806.08
M/V Utility - Lease	753.98	4,523.88
M/V Utility - Running Expense	1,484.01	2,454.43
Open Day Expenses	100.95	1,418.60
Postage	4,971.92	769.35
Printing & stationery	8,138.97	4,131.86
Project funding expenses	17,147.69	46,065.85
Rates & land taxes-215 Myrtle Street	5,091.00	4,783.05
Rates & Taxes-231 Myrtle Street	2,240.77	2,104.45
Repairs & maintenance	811.40	646.62
Repairs & Maintenance-215 Myrtle Street	7,375.04	5,065.98
Repairs & Maintenance.-231 Myrtle Street		72.20
Repairs & maintenance Forklift	2,558.41	2,820.63
Replacements	508.19	476.00
Secretarial - MV Running Expenses	1,353.00	
Security	1,724.00	1,991.00
Seminars		320.00
Staff training	720.00	190.00
Subscriptions	1,079.36	1,109.37
Superannuation	25,959.10	28,651.04
Telephone	12,374.33	11,727.58
Travel, accom & conference	901.78	322.67
Travel, accom & Conf - VFF	1,307.68	
Uniforms	863.59	645.09
Wages	260,338.06	265,310.34
Wages - Project funding	21,386.00	45,032.87
Web Page Setup & Maintenance	468.18	
WorkCover	3,852.18	3,250.94
Total expenses	513,995.24	647,176.16
<b>Profit from Ordinary Activities before income tax</b>	<b>181,740.67</b>	<b>72,749.34</b>

<b>Profit and Loss Statement</b>	<b>2012</b>	<b>2011</b>
Operating profit before income tax	181,740.67	72,749.34
Income tax attributable to operating profit (loss)	24,771.30	7,359.60
<b>Operating profit after income tax</b>	<b>156,969.37</b>	<b>65,389.74</b>
Retained profits at the beginning of the financial year		
	313,520.44	325,767.70
Total available for appropriation	470,489.81	391,157.44
Dividends provided for or paid	29,950.95	30,276.55
Aggregate of amounts transferred to reserves	14,816.14	770.00
Other appropriations	54,320.45	46,590.45
	99,087.54	77,637.00
<b>Retained profits at the end of the financial year</b>	<b>371,402.27</b>	<b>313,520.44</b>

## Detailed Balance Sheet 2012 2011

### Current Assets

#### Cash Assets

ANZ Cash management account		33.24
ANZ Term Deposit	284,873.64	270,040.28
Cash on hand	600.00	600.00
Petty cash	200.00	200.00
	285,673.64	270,873.52

#### Receivables

Trade debtors	258,143.28	426,724.09
Other Trade Debtors	10,127.33	8,636.22
Less: Provision doubtful debts	(25,814.00)	(42,672.00)
	242,456.61	392,688.31

#### Inventories

Stock on hand	413,354.62	386,700.00
	413,354.62	386,700.00

#### Other Financial Assets

Shares Listed - Incitec Pivit	11,571.00	15,672.00
Shares Unlisted - A.I.R.R.	261,324.00	185,066.00
	272,895.00	200,738.00

#### Other

Prepaid Expenses		825.00
		825.00

<b>Total Current Assets</b>	<b>1,214,379.87</b>	<b>1,251,824.83</b>
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### Non-Current Assets

#### Receivables

Loan Account - Members re GST	4,623.43	
	4,623.43	

#### Property, Plant and Equipment

Land @ Directors Valn - 215 Myrtle St	213,000.00	62,000.00
Land @ Directors Valn - 231 Myrtle St	85,000.00	34,596.50
Buildings 231 Myrtle St @ Dir. Valuation	279,000.00	160,000.00
Buildings - at cost	382,745.93	382,745.93
Buildings @ Directors Val 231 Myrtle St	4,250.00	4,250.00
Less: Accumulated Write Off	(130,660.00)	(120,504.00)
Plant & equip - at cost	197,168.75	161,113.83
Less: Accumulated depreciation	(114,818.00)	(98,469.00)
	915,686.68	585,733.26

#### Intangible Assets

Goodwill ex MG @ cost	50,000.00	
	50,000.00	

<b>Total Non-Current Assets</b>	<b>970,310.11</b>	<b>585,733.26</b>
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<b>Total Assets</b>	<b>2,184,689.98</b>	<b>1,837,558.09</b>
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## Detailed Balance Sheet 2012 2011

### Current Liabilities

#### Payables

##### Unsecured:

Trade creditors	233,274.30	364,611.65
	233,274.30	364,611.65

#### Financial Liabilities

##### Unsecured:

ANZ Chq A/c 47723	59,368.49	49,585.24
	59,368.49	49,585.24

#### Current Tax Liabilities

GST Clearing Account	5,755.00	
Provision Income Tax	7,890.70	(8,894.66)
	13,645.70	(8,894.66)

#### Provisions

Provision - Long Service Leave	35,992.00	32,643.00
Provision - Annual Leave	23,271.00	17,667.00
	59,263.00	50,310.00

#### Other

Prepaid Income		11,640.00
		11,640.00

<b>Total Current Liabilities</b>	<b>365,551.49</b>	<b>467,252.23</b>
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### Non-Current Liabilities

#### Financial Liabilities

##### Unsecured:

Loan Account - Members re GST		2,695.70
		2,695.70

<b>Total Non-Current Liabilities</b>		<b>2,695.70</b>
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<b>Total Liabilities</b>	<b>365,551.49</b>	<b>469,947.93</b>
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Net Assets	<b>1,819,138.49</b>	<b>1,367,610.16</b>
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### Equity

#### Issued Capital

Ordinary Shares Of \$1	599,019.00	605,531.00
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#### Reserves

Capital profit reserve	41,170.15	41,170.15
General Reserve	171,088.00	163,240.00
Asset Revaluation Reserve	636,459.07	244,148.57
Retained profits / (accumulated losses)	371,402.27	313,520.44

<b>Total Equity</b>	<b>1,819,138.49</b>	<b>1,367,610.16</b>
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### Cash Flows Statement

	2012	2011
	\$	\$
<b>Cash Flow From Operating Activities</b>		
Operating profit (loss) after tax	156,969.37	65,389.74
(Profit) Loss on sale of plant & equipment	0.00	0.00
Depreciation/BWOA	26,505.00	24,759.00
Amortisation	0.00	0.00
Income Tax Paid	-7,985.94	-1,453.54
(Increase) decrease in trade debtors	168,580.81	-267,464.76
(Increase) decrease in other debtors	-1,491.11	41,657.45
(Increase) decrease in finished goods	-26,655.00	46,675.16
(Increase) decrease in prepayments expense	825.00	-825.00
Increase (decrease) in prepayments income	-11,640.00	1,640.00
Increase (decrease) in GST clearing	5,755.00	-10,171.61
Increase (decrease) in Doubtful debts provision	-16,858.00	26,746.00
Increase (decrease) in employee entitlements	8,953.00	-2,499.00
Increase (decrease) in provision for income tax	16,785.36	5,906.06
Increase (decrease) in trade creditors and accruals	-131,337.35	197,143.43
Increase (decrease) in other creditors	0.00	0.00
<b>Net cash provided by (used in) operating activities</b>	<b>188,406.14</b>	<b>127,502.93</b>
<b>Cash Flow From Investing Activities</b>		
(Increase) decrease in Property, plant & equipment	-406,458.42	-3,895.00
(Increase) decrease in loans to shareholders	-7,319.13	-631.89
(Increase) decrease in Loans - other A.I.R.R.	0.00	0.00
(Increase) decrease in Shares - other Companies	-72157.00	-51087.00
Increase (decrease) in other reserves	393328.68	55253.54
<b>Net cash provided by (used in) investing activities</b>	<b>-92,605.87</b>	<b>-360.35</b>
<b>Cash Flow From Financing Activities</b>		
Increase (decrease) in provision for dividends	-29,950.95	-30,276.55
Proceeds of issue of shares	-6,512.00	-7,437.00
Increase (decrease) members rebate	-53,320.45	-46,590.45
Increase (decrease) bonus shares	-1,000.00	0.00
Increase (decrease) Prior Year Adjustments	0.00	0.00
Proceeds of borrowings	0.00	0.00
<b>Net cash provided by (used in) financing activities</b>	<b>-90,783.40</b>	<b>-84,304.00</b>
<b>Net increase (decrease) in cash held</b>	<b>5,016.87</b>	<b>42,838.58</b>
<b>Cash at the beginning of the year</b>	<b>221,288.28</b>	<b>178,449.70</b>
<b>Cash at the end of the year (Note A.)</b>	<b>226,305.15</b>	<b>221,288.28</b>

<b>Note A. Reconciliation Of Cash</b>		
<b>ANZ Chq A/c 47723</b>	<b>-59,368.49</b>	<b>-49,585.24</b>
<b>ANZ Cash management account</b>	<b>0.00</b>	<b>33.24</b>
<b>ANZ Term Deposit</b>	<b>284,873.64</b>	<b>270,040.28</b>
<b>Cash on hand</b>	<b>600.00</b>	<b>600.00</b>
<b>Petty cash</b>	<b>200.00</b>	<b>200.00</b>
	<b>226,305.15</b>	<b>221,288.28</b>

## **Notes to the Financial Statements**

### **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) Intangibles**

##### **Goodwill**

Goodwill is recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition.

Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

#### **(d) 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.

#### **(e) 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.

#### **(f) Cash and Cash Equivalents**

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

**(g) 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.

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

**(h) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

**(i) 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.

**(j) 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: Reserves**

	<b>2012</b>	<b>2011</b>
Balance at the beginning of the reporting period		
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
	<b>448,558.72</b>	<b>393,988.72</b>
Increase (decrease) in reserves during the reporting period:		
General Reserve	7,848.00	3,269.00
Asset Revaluation Reserve	392,310.50	51,301.00
	<b>400,158.50</b>	<b>54,570.00</b>
Balance at the reporting date		
Capital profit reserve	41,170.15	41,170.15
General Reserve	171,088.00	163,240.00
Asset Revaluation Reserve	636,459.07	244,148.57
	<b>848,717.22</b>	<b>448,558.72</b>

**Note 3: Dividends**

	<b>2012</b>	<b>2011</b>
Members Dividend	29,950.95	30,276.55
	<b>29,950.95</b>	<b>30,276.55</b>

**Note 4: Cash assets**

Bank accounts:		
ANZ Cash management account		33.24
ANZ Term Deposit	284,873.64	270,040.28
Other cash items:		
Cash on hand	600.00	600.00
Petty cash	200.00	200.00
	<b>285,673.64</b>	<b>270,873.52</b>

**Note 5: Receivables****Current**

Trade debtors	268,270.61	435,360.31
Provision for doubtful debts	(25,814.00)	(42,672.00)
	242,456.61	392,688.31
	<b>242,456.61</b>	<b>392,688.31</b>

**Non-Current**

Amounts receivable from		
- Shareholders	4,623.43	
	<b>4,623.43</b>	

**Note 6: Inventories****Current**

Finished goods at cost	413,354.62	386,700.00
	<b>413,354.62</b>	<b>386,700.00</b>

**Note 7: Other Financial Assets****Current**

Shares in other corporations - at cost:		
- Listed on a prescribed stock exchange	11,571.00	15,672.00
- Unlisted	261,324.00	185,066.00
	272,895.00	200,738.00
	<b>272,895.00</b>	<b>200,738.00</b>

**Note 8: Other Assets****Current**

Prepayments		825.00
		<b>825.00</b>

**Note 9: Property, Plant and Equipment**

Freehold land:		
- At cost	298,000.00	96,596.50
- At independent valuation	279,000.00	160,000.00
	577,000.00	256,596.50

### Note 9: Property, Plant and Equipment

	2012	2011
Buildings:		
- At cost	386,995.93	386,995.93
- Less: Accumulated depreciation	(130,660.00)	(120,504.00)
	256,335.93	266,491.93
Plant and equipment:		
- At cost	197,168.75	161,113.83
- Less: Accumulated depreciation	(114,818.00)	(98,469.00)
	82,350.75	62,644.83
	<b>915,686.68</b>	<b>585,733.26</b>

### Note 10: Intangible Assets

Goodwill:	
- At cost	50,000.00
- Less: Accumulated amortisation	
	50,000.00
	<b>50,000.00</b>

### Note 11: Payables

Unsecured:		
- Trade creditors	233,274.30	364,611.65
	233,274.30	364,611.65
	<b>233,274.30</b>	<b>364,611.65</b>

### Note 12: Provisions

#### Current

Employee entitlements*	59,263.00	50,310.00
	<b>59,263.00</b>	<b>50,310.00</b>
* Aggregate employee entitlements liability	59,263.00	50,310.00

There were 8 employees at the end of the year

### Note 13: Contributed Capital

<b>599,019 Ordinary shares at \$1.00 each fully paid</b>	<b>599,019.00</b>	<b>605,531.00</b>
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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 2012 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 day of 5<sup>th</sup> November 2012



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 28<sup>th</sup> JANUARY 2013**

(\*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 28<sup>th</sup> January 2013**