



**TAFCO**

**TAFCO**  
RURAL SUPPLIES

ANNUAL REPORT  
to MEMBERS  
2007-2008

*Primary Producer Proud*

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
Trading as TAFCO RURAL SUPPLIES

**BOARD OF DIRECTORS:**

Mr. Colin McCORMACK	Chairman
Mr. Graham HUGHES	Deputy Chairman (to 22 <sup>nd</sup> November 2007)
Mr. Allan McGUFFIE	Deputy Chairman (from 10 <sup>th</sup> January 2008)
Mrs. Julie CARROLL	
Mr. Paul DALBOSCO	
Mr. Angelo GRASSI	(from 22 <sup>nd</sup> November 2007)
Mr. Joe LASPINA	
Mr. Antonio (Nino) MAUTONE	

**SECRETARY:**

Ms. Kerry MURPHY

**MERCHANDISING MANAGER:**

Mr. Tony VACCARO

**STAFF:**

Mr. Glenn COUSINS	
Mr. Ben NICOLL	(until 30 <sup>th</sup> June 2008)
Jordan IVONE - Trainee	

**AUDITOR:** Mr. Sam MAROTTA

**ACCOUNTANTS:** ALPINE TAX

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

**Page: CONTENTS:**

3.	Notice of Meeting and Agenda
4.	Minutes of previous Annual General Meeting held on 22 <sup>nd</sup> November 2007
6.	Chairman's Report
8.	Directors Report
9.	Statement by Principal Accounting Officer & Directors' Declaration
10.	Trading Account
11.	Detailed Profit and Loss Statement
13.	Profit and Loss Statement
14.	Detailed Balance Sheet
16.	Cash Flows Statement
17.	Notes to the Financial Statements
20.	Independent Auditor Report
21.	Nomination Form

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
Trading as TAFCO RURAL SUPPLIES

**NOTICE TO MEMBERS.**

**NOTICE** IS HEREBY GIVEN OF THE 22<sup>ND</sup> ANNUAL GENERAL MEETING OF THE TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED, to be held at TAFCO RURAL SUPPLIES 215 Great Alpine Road, Myrtleford on THURSDAY 12<sup>th</sup> FEBRUARY 2009 commencing at 5.00p.m

**BUSINESS:**

1. Attendance & Apologies
2. Confirmation of the Minutes of the 21<sup>st</sup> Annual General Meeting held on Thursday 22<sup>nd</sup> November, 2007
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:  
Julie Carroll, Nino Mautone and Paul Dalbosco - all are available for re-election.

Nomination forms for persons other than retiring Directors must be lodged with the Secretary no later than Monday 9<sup>th</sup> February 2009 and can be obtained by phoning TAFCO: 57521800 or calling in to TAFCO Rural Supplies.

8. Ratification of Rates of Dividend, Bonus & Rebates.  
At the Directors meeting held on the 24<sup>th</sup> June 2008 a motion was carried issuing a 9% dividend to members and a 2.5% rebate on members trading 01.04.08 to 31.03.08
9. Directors Fees - Ratification  
At the Directors Meeting held on the 16th October 2003, a motion was carried that the Chairman's Annual Allowance be \$8,000 per annum and the Directors Sitting Fee be \$100 per day.

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

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
Trading as TAFCO RURAL SUPPLIES

**MINUTES OF THE 21<sup>st</sup> ANNUAL GENERAL MEETING OF THE TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED, HELD ON THE 22<sup>nd</sup> NOVEMBER 2007 AT TAFCO RURAL SUPPLIES MYRTLEFORD WHICH COMMENCED AT 5.10p.m.**

**PRESENT:** With over 20 members in attendance, a quorum was present.

**APOLOGIES:**

**MINUTES:**

Moved P.Cunico/A.Grassi that the Minutes of the 20th Annual General Meeting, held on the 22<sup>nd</sup> February 2007 be confirmed.

CARRIED.

**BUSINESS ARISING:** Nil

**CHAIRMAN'S REPORT:**

The Chairman reported on the co-operatives most challenging year of trade – the impact on turnover due to the loss of the tobacco industry was predicted to be a drop in turnover from \$4.8million in 2006-07 to somewhere between \$2 and \$2.5million – Through the efforts of staff and the support of members the end of year trade was nearly \$3million.

This was a magnificent result and staff and board members were congratulated.

The Chairman then spoke about the leadership role taken on by TAFCO post-tobacco including:

- SMARTchoice Landcare project which has brought a new mix to the business
- Strengthening of partnerships through the project
- Outlook Conference

The Chairman welcomed Joe LaSpina and Angelo Grassi to the Board and thanked all Directors for their contributions during the year – in particular Graham Hughes for his service as a Director of TAFCO and wished him well in his retirement. Loris Brandellero who passed away suddenly at the beginning of the year was also acknowledged for his contribution to TAFCO as a Director and his forward thinking for the co-operative.

Moved C.McCormack/F.Marotta that the Chairman's Report be received.

CARRIED.

**MANAGERS REPORT:**

The Manager, Tony Vaccaro thanked members for their attendance particularly the new faces seen at the meeting.

The loss of tobacco was devastating not just to TAFCO but the entire town, the rural sector faced the worst drought on record and there was obvious concern amongst everyone involved with TAFCO about the year ahead.

During the year we strived to give the best possible support service to our members – in turn our members continued to support TAFCO and we exceeded our predicted turnover and had a profit of approximately \$90,000 before tax.

Directors and staff were thanked for their work during the year.

Moved A.McGuffie/G.Hughes that the Managers report be received.

CARRIED.

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
Trading as TAFCO RURAL SUPPLIES

**FINANCIAL REPORTS:**

Moved N.Mautone/P.Cunico 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:

Mr. Graham Hughes & Mr. Allan McGuffie (3 year term)

Mr. Joe LaSpina (2 year term – having filled the vacancy of dec. L.Brandellero)

Graham Hughes had indicated he was not available for re-election.

Angelo Grassi has been an observer Director at TAFCO for over 12 months and a nomination was received to fill the vacancy. A.McGuffie & J.LaSpina are available for re-election

No further nominations were received.

There being no other nominations received, the meeting confirmed the re-appointment of the retiring Directors for a further 3 year term.

Moved P.Paola/ F.Marotta that Allan McGuffie and Angelo Grassi be appointed as Directors for a 3 year term and that Joe LaSpina be appointed for a two year term.

CARRIED.

**RATIFICATION OF RATES & DIVIDEND:**

Moved J.LaSpina/I.Michelini ratified that a 2.5% rebate on members trading as at the 31st of March 2008 and a 9% 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 16th October 2003 Directors carried a motion that there be no increases and that the Chairman's Annual Allowance of \$8,000 per annum and Directors sitting Fees of \$100 per day remain.

Moved F.Marotta/R.Tomasoni that an annual Chairman's Allowance of \$8,000 and Directors Day Allowance of \$100 be ratified.

CARRIED.

**GENERAL BUSINESS:**

**1. Special Resolution as per notice given to members:**

TAFCO Rules have a provision to ensure that the majority of Directors have an interest in tobacco. It is recommended that this reference be deleted.

Change of rules:

38 (1) There shall be a board of 7 directors (~~of which at least 4 directors shall hold an interest in the production of tobacco~~) delete section crossed out.

Moved N.Mautone/G.Hughes that the special resolution amending Rule 38(1) be adopted.

CARRIED.

**2. Coolroom:**

As outlined in a letter to members, Director Allan McGuffie reiterated the reasons behind the Directors decision to sell the coolroom by tender. The coolroom was sold for \$16,500.

**MEETING CLOSED:** 5.55 p.m.

.....  
Chairman

dated

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
**Trading as TAFCO RURAL SUPPLIES**

**CHAIRMANS REPORT.**

*I am pleased to present the 22<sup>nd</sup> Annual Report and my 20<sup>th</sup> as Chairman to members. (2007-2008)*

*TAFCO continues to strengthen and grow as a business during extremely difficult circumstances. Our members are facing challenging times on the land with many shifting to off farm work as the ongoing drought and loss of tobacco takes it's toll.*

*TAFCO has been pro-active and played a leadership role during these times of economic downturn. Our ability to successfully attract LandCare funding for the SMARTchoice project has enabled us to assist the regions farmers as they look to alternate sustainable agricultural options for their farms. The SMARTchoice project had a strong facilitation role by improving the availability of information and expertise to enable landowners to assess alternative land use options. The engagement of Gary Baxter as Project leader under the management of TAFCO's secretary has brought a range of speakers to the region as summarized below:*

- 15 August 2007 - Maize production meeting. [Presented by Penford Australia Ltd and Pioneer Brand Seeds].
- 24 October 2007 - Prosperity Farming Systems meeting. [Presented by Demand Farming Australia<sup>©</sup> and NSW Department of Primary Industries].
- 20 November 2007 – Vegetable nutrition meeting. [Presented by staff of E E Muir and Sons Pty Ltd].
- 29 November 2007 - Alpine Valley's Outlook Conference. [This major event included presentations by ten guest speakers on various crops and businesses].
- 15 January 2008 - Seed Production opportunities [Discussion with Baker Seed Company Rutherglen].
- 30 January 2008 - Prosperity Farming Systems meeting. [Presented by Demand Farming Australia<sup>©</sup> and NSW Department of Primary Industries].
- 31 January 2008 - Quality Assurance in Vegetable Production. [Presented by the Environmental Manager AusVeg].
- 19 February 2008 - Blueberry and raspberry information meeting. [Presented by Raspberry and Blueberry Industry Development Officers].
- 27 February 2008 - Hydroponic and greenhouse production meeting. [Presented by Redpath Ideal Greenhouses and the President of the Australian Hydroponic Grower's Association].
- 10 April 2008 - Briefing meeting for DPI staff on 'What is Happening in the Area Post Tobacco
- 15 April 2008 - Lucerne production meeting [Presented by Department of Primary Industry Victoria staff].
- 30 April 2008 - Summary of project progress to the Post Tobacco Action Group
- 22 May 2008 and 17 June 2008- Cut Flower Opportunities in the North East River Valleys [Presentations by Austem Group].
- 26 May 2008 - Opportunities in the North East River Valleys [Presentation for Whorouly Landcare Group].

*The SMARTchoice project has added a new mix to TAFCO's business and has strengthened partnerships with other organisations. Funding has been secured for a three year project. There will be a specific focus on the adoption of preferred practices in crop production, soil health, quality assurance, and water use efficiency. Key crops include: Permanent pasture (eg Lucerne), Vegetable production, Berry production (eg blueberry) and Nut production (eg walnut)  
Members are kept informed of the projects progress through quarterly SMARTchoice Newsletters.*



**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
Trading as TAFCO RURAL SUPPLIES

*TAFCO has continued to offer quality goods and services to our members. Even with the downturn in trading figures our store is busier than ever. The number of member transactions has increased although in most cases each invoice is much smaller in dollar value than in the past.*

*Price increases beyond our control have impacted on our business and members trading – with petrol prices at all time record high prices for most of the year the decision to retain a free delivery service for most items was made. The loyalty of our members from throughout the region (King Valley, Ovens and Kiewa Valleys and Beechworth area) is recognised a key to business success and our delivery service is considered vital. Closer to home we thank our Myrtleford and district based members who make purchases from within the store.*

*Fertiliser sales have decreased in tonnage as many farmers struggle to justify the expense – Prices have almost doubled during the course of the year. Some chemicals such as Glyphosate (Round Up) also were dramatically impacted as a result of global market shortages and the Australian dollar. It is envisaged that there will be some price reductions in 2009 on some stock lines.*

*Throughout the year TAFCO continued to provide training in the areas requested by members and has successfully promoted a number of initiatives to assist farmers. The Rural Skills Connect program has helped several farmers undertake courses/training with the aim of obtaining some flexible off farm work during these tough economic times. Details of a range of assistance packages are included in our Newsletters.*

*On the 30<sup>th</sup> June 2008 we farewelled Ben Nicoll as he moved on to the position of Territory Manager –Northern Victoria with Gallagher (Animal Management Systems). The board made the decision not to replace the vacant sales position at TAFCO but utilize existing staff and engage a casual truck driver for deliveries. Jordan Ivone completed his traineeship with TAFCO in December 2008 and has continued to work on a casual basis since this time.*

*Finally, thank you to my fellow Board members – who are continually looking at ways to improve our business. I would like to thank our staff once again for their contributions to the co-operative – their dedication, friendliness and professionalism is a key to our business success.*

Mr. Colin McCormack

CHAIRMAN OF DIRECTORS.

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
**Trading as TAFCO RURAL SUPPLIES**

**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 2008:-

- (a) The names of the directors in Office for the period of this Report 01.07.07 to 30.06.08 are; Colin McCormack, Allan McGuffie , Julie Carroll, Paul Dalbosco, Angelo Grassi, Joe LaSpina, Nino Mautone & 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 and wholesaling of vegetables.  
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 2008, after provisions for income tax was a profit of \$142,941.59
- (d) During the Financial Year –(\$1,170) was transferred from general reserve.  
Provisions for long service leave of \$20,403 & provision for annual leave of \$20,784 has been made.
- (e) A total of 606,380 fully paid Shares at \$1.00 each are Registered fully paid Shares.
- (f) The Directors recommended a 9% dividend (\$54,574) & a 2.5% rebate on trading (\$64,212) which was paid on the 30<sup>th</sup> June 2008.
- (g) The Directors made an allowance of (\$12,113) to provide for doubtful debts.
- (h) The Manager reported that during the course of the financial year there had been one bad debt totaling \$853 and the Directors believe that the provision of -\$12,113 for doubtful debts is adequate.
- (i) The Directors have reviewed the current assets and resolved that these would realise there full value.
- (j) At the date of this Report the Directors were unaware of any circumstances which would render the values attributed to the current assets to be misleading.
- (k) 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.
- (l) There is NO contingent or liability which has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the Financial Year which will or may substantially affect the ability of the Co-operative to meet it's obligations.
- (m) 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.
- (n) In the opinion of Directors, the results of the Co-operative's operation during the Financial Year were not substantially affected by any item, transaction or event.
- (o) 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.
- (p) 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
- (q) 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.

**Signed in accordance with a resolution of the Board and is signed for and on behalf of the Directors at Myrtleford on Thursday 10th December 2008**

**Colin McCORMACK & ALLAN McGUFFIE**



**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
Trading as TAFCO RURAL SUPPLIES

**STATEMENT BY PRINCIPAL ACCOUNTING OFFICER.**

I, TONY VACCARO being the Principal Accounting Officer in charge of the preparation of the accompanying accounts, state that to the best of my knowledge and belief, the accompanying Accounts of the Co-operative for the period 1st July 2007 to 30th June 2008, give a true and fair view of the matters required by Section 238 of the Co-operation Act 1996, to be dealt with in the Accounts.

DATED

.....  
TONY VACCARO.

Principal Accounting Officer

**DIRECTORS DECLARATION:**

In accordance with a resolution of the Board of Directors we, COLIN McCORMACK and ALLAN McGUFFIE, 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, 2007 to 30th June, 2008 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, 2007 to 30th June, 2008; 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

ON BEHALF OF THE BOARD.

COLIN McCORMACK

ALLAN McGUFFIE

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD ABN 13 065 910 642**

Trading as TAFCO RURAL SUPPLIES

Trading Account

For the year ended 30 June 2008

	2008	2007
	\$	\$
<b>Trading Income</b>		
Sales	2,960,690.76	2,935,869.31
<b>Total Trading Income</b>	<b>2,960,690.76</b>	<b>2,935,869.31</b>
<b>Cost of Sales</b>		
<b>Add:</b>		
Opening stock	383,224.29	499,240.42
Purchases	2,610,052.61	2,390,073.50
Freight	30,059.25	56,855.16
Discount Given to Customers	255.80	453.64
	3,023,591.95	2,946,622.72
<b>Less:</b>		
Closing Stock	475,169.50	383,224.29
	475,169.50	383,224.29
<b>Cost of Sales</b>	<b>2,548,422.45</b>	<b>2,563,398.43</b>
<b>Gross Profit from Trading</b>	<b>412,268.31</b>	<b>372,470.88</b>

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD ABN 13 065 910 642****Trading as TAFCO RURAL SUPPLIES****Detailed Profit and Loss Statement****For the year ended 30 June 2008**

	2008	2007
	\$	\$
<b>Income</b>		
Trading profit	412,268.31	372,470.88
Bad debts recovered		303.00
Commissions received	18,250.62	30,243.88
Dividends received	609.00	164.43
Training Income	9,000.00	9,960.27
Insurance Recoveries	971.73	2,141.09
Interest received	7,937.45	5,852.87
Interest Received - Debtors	8,708.91	6,692.52
Reimbursement Wages	865.10	121.40
Other income		2,000.00
Profit Share from A.I.R.R.		37,412.00
Profit/Loss on sale of assets	6,818.18	
Project funding income	127,374.57	
Rebate - Fuel	750.06	1,792.40
Rebates-Merchandise	100,429.08	55,384.76
VFF Rebates		1,575.00
Coolroom Hire	2,988.00	3,894.00
Rent received	8,720.00	4,560.00
Total income	705,691.01	534,568.50
<b>Expenses</b>		
Accountancy	1,955.00	1,900.00
Advertising and promotion	8,473.30	11,783.23
AGM Expenses		533.23
Amenities	1,773.13	2,343.70
Amortisation Preliminary Expenses	873.00	873.00
Amortisation Goodwill	750.00	750.00
Audit fees	8,281.55	8,500.00
Bad debts		8,827.12
Bank fees and charges	6,123.56	5,251.89
Chairmans allowance	8,004.00	8,004.00
Cleaning/rubbish removal	7,080.02	6,841.98
Computer Installation & Training	774.49	290.91
Depreciation - plant	9,349.00	10,969.00
Special - Building W/off	9,270.00	9,262.00
Directors expenses	3,200.00	2,130.00
Donations	50.00	
Doubtful debts	853.00	8,642.00
Electricity & Heating - 215 Myrtle St	3,837.91	3,512.24
Electricity & Heating - 231 Myrtle St	3,093.76	4,212.87
Entertainment	2,898.89	1,873.66
Entertainment-VFF	32.50	254.00
Entertainment - Project funding	10,415.52	
Farmer Training Courses	4,930.63	5,620.07
Fringe benefits tax	3,041.57	3,643.28
Insurance	13,030.46	14,223.05

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD ABN 13 065 910 642****Trading as TAFCO RURAL SUPPLIES****Detailed Profit and Loss Statement****For the year ended 30 June 2008**

	2008	2007
	\$	\$
Interest - Overdraft	417.34	1,324.61
Lease Forklift	6,967.92	6,994.02
Licences & registrations	154.80	1,337.81
M/V car - Fuel & oil	4,640.57	6,049.87
M/V car - Lease	12,216.13	15,808.56
M/V car - Running Expense	2,736.40	1,686.93
M/V Truck - Fuel & oil	6,783.02	7,272.09
M/V Truck - Lease	7,425.44	8,130.84
M/V Truck - Running Expense	4,101.68	1,518.50
M/V Utility - Fuel & oil	2,226.44	2,596.00
M/V Utility - Running Expense	1,390.87	1,015.76
Open Day Expenses	114.73	58.89
Postage	1,406.93	4,186.65
Printing & stationery	7,782.11	6,762.20
Project funding expenses	62,289.99	
Rates & land taxes-215 Myrtle Street	2,516.30	3,011.59
Rates & Taxes-231 Myrtle Street	1,218.74	1,341.84
Repairs & maintenance	1,114.39	1,301.56
Repairs & Maintenance-215 Myrtle Street	3,325.29	3,119.42
Repairs & Maintenance.-231 Myrtle Street	957.82	
Repairs & maintenance Forklift	2,061.07	2,077.68
Replacements	668.63	124.50
Secretarial - MV Running Expenses	1,151.90	1,468.31
Security	1,864.00	1,624.00
Seminars	834.55	1,506.28
Signwriting	450.00	
Staff training	55.00	812.00
Subscriptions	1,780.86	2,551.99
Superannuation	19,256.94	18,649.46
Telephone	16,078.01	13,394.54
Travel, accom & conference	1,475.61	1,657.86
Travel, accom & Conf - VFF	1,130.00	1,869.95
Uniforms	516.41	513.68
Wages	209,257.96	200,411.99
Wages - Project funding	45,799.50	
Web Page Setup & Maintenance	468.18	538.18
WorkCover	2,543.60	3,921.83
Total expenses	543,270.42	444,880.62
<b>Profit from Ordinary Activities before income tax</b>		
	<b>162,420.59</b>	<b>89,687.88</b>

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD ABN 13 065 910 642****Trading as TAFCO RURAL SUPPLIES****Profit and Loss Statement****For the year ended 30 June 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Operating profit before income tax	162,420.59	89,687.88
Income tax attributable to operating profit (loss)	19,479.00	9,891.60
<b>Operating profit after income tax</b>	<b>142,941.59</b>	<b>79,796.28</b>
Retained profits at the beginning of the financial year	285,846.00	286,918.04
Total available for appropriation	428,787.59	366,714.32
Dividends provided for or paid	54,574.20	30,198.10
Aggregate of amounts transferred to reserves	(1,170.00)	11,759.00
Other appropriations	64,211.67	38,911.22
	117,615.87	80,868.32
<b>Retained profits at the end of the financial year</b>	<b>311,171.72</b>	<b>285,846.00</b>

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD ABN 13 065 910 642****Trading as TAFCO RURAL SUPPLIES  
Detailed Balance Sheet As At 30 June 2008**

	Note	2008 \$	2007 \$
<b>Current Assets</b>			
<b>Cash Assets</b>			
ANZ Chq A/c 47723			1,913.82
ANZ Cash management account		261,061.40	253,123.95
Cash on hand		300.00	300.00
Petty cash		200.00	200.00
		261,561.40	255,537.77
<b>Receivables</b>			
Trade debtors		242,255.61	225,096.32
Other Trade Debtors		51,193.43	5,583.97
Less: Provision doubtful debts		(12,113.00)	(11,260.00)
Loan - A.I.R.R.			48,001.00
		281,336.04	267,421.29
<b>Inventories</b>			
Stock on hand		475,169.50	383,224.29
		475,169.50	383,224.29
<b>Other Financial Assets</b>			
Shares Listed - Incitec Pivit		37,555.00	
Shares Unlisted - AIIR		100,000.00	
		137,555.00	
<b>Total Current Assets</b>		<b>1,155,621.94</b>	<b>906,183.35</b>
<b>Non-Current Assets</b>			
<b>Receivables</b>			
Loan Account - Members re GST		3,714.41	7,133.53
<b>Other Financial Assets</b>			
Shares - Incitec Pivot			16,179.10
<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		349,612.00	349,612.00
Buildings 231 Myrtle St - Shed Part.		4,250.00	
Less: Accumulated Write Off		(90,703.00)	(81,433.00)
Plant & equip - at cost		151,695.38	137,539.81
Less: Accumulated depreciation		(88,274.00)	(78,925.00)
		583,176.88	583,390.31
<b>Intangible Assets</b>			
Goodwill		15,000.00	15,000.00
Less: Accumulated amortisation		(14,250.00)	(13,500.00)
		750.00	1,500.00



**TOBACCO & ASSOCIATED FARMERS CO-OP LTD ABN 13 065 910 642****Trading as TAFCO RURAL SUPPLIES  
Detailed Balance Sheet As At 30 June 2008**

	Note	2008 \$	2007 \$
<b>Other</b>			
Preliminary expenses		17,465.50	17,465.50
Less: Accumulated amortisation		(16,587.00)	(15,714.00)
		878.50	1,751.50
<b>Total Non-Current Assets</b>		<b>588,519.79</b>	<b>609,954.44</b>
<b>Total Assets</b>		<b>1,744,141.73</b>	<b>1,516,137.79</b>
<b>Current Liabilities</b>			
<b>Payables</b>			
<b>Unsecured:</b>			
Trade creditors		241,166.82	224,237.67
		241,166.82	224,237.67
<b>Financial Liabilities</b>			
<b>Unsecured:</b>			
ANZ Chq A/c 47723		147,894.77	
		147,894.77	
<b>Current Tax Liabilities</b>			
GST Clearing Account		4,956.00	25,004.00
Provision Income Tax		8,701.70	(4,633.70)
		13,657.70	20,370.30
<b>Provisions</b>			
Provision - Long Service Leave		20,403.00	24,619.00
Provision - Annual Leave		20,784.00	24,885.00
		41,187.00	49,504.00
<b>Other</b>			
Prepaid Income - DPI		21,943.00	
		21,943.00	
<b>Total Current Liabilities</b>		<b>465,849.29</b>	<b>294,111.97</b>
<b>Total Liabilities</b>		<b>465,849.29</b>	<b>294,111.97</b>
<b>Net Assets</b>		<b>1,278,292.44</b>	<b>1,222,025.82</b>
<b>Equity</b>			
<b>Issued Capital</b>			
606380 Ordinary Shares Of \$1		606,380.00	603,962.00
<b>Reserves</b>			
Capital profit reserve		41,170.15	41,170.15
General Reserve		145,821.00	138,674.00
Asset Revaluation Reserve		173,749.57	152,373.67
Retained profits / (accumulated losses)		311,171.72	285,846.00
<b>Total Equity</b>		<b>1,278,292.44</b>	<b>1,222,025.82</b>

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
Trading as TAFCO RURAL SUPPLIES

**Cash Flow Statement**

For the year ended 30 June, 2008

	2008	2007
	\$	\$
<b>Cash Flow From Operating Activities</b>		
Operating profit (loss) after tax	142,941.59	79,796.28
(Profit) Loss on sale of plant & equipment	-6,818.18	0.00
Depreciation/BWOA	-18,619.00	20,231.00
Amortisation	1,623.00	1,623.00
Income Tax Paid	-19,479.00	-12,141.40
(Increase) decrease in trade debtors	-17,159.29	-172,719.46
(Increase) decrease in other debtors	45,609.46	-343.59
(Increase) decrease in finished goods	-91,945.21	116,016.13
(Increase) decrease in prepayments	21,943.00	0.00
Increase (decrease) in GST clearing	-20,048.00	22,288.26
Increase (decrease) in Doubtful debts provision	853.00	8,642.00
Increase (decrease) in employee entitlements	-8,317.00	7,769.00
Increase (decrease) in provision for income tax	13,335.40	-2,249.40
Increase (decrease) in trade creditors and accruals	16,929.15	25,936.63
Increase (decrease) in other creditors	0.00	38,911.22
<b>Net cash provided by (used in) operating activities</b>	<b>6,868.00</b>	<b>133,759.67</b>
<b>Cash Flow From Investing Activities</b>		
(Increase) decrease in plant & equipment	-18,405.57	-3,693.82
(Increase) decrease in loans to shareholders	3,419.12	3,533.27
(Increase) decrease in Loans - other A.I.R.R.	48,001.00	-37,412.00
(Increase) decrease in Shares - other Companies		
Incitec	-121,375.90	-11581.60
Increase (decrease) in other reserves	61,462.00	15953.72
<b>Net cash provided by (used in) investing activities</b>	<b>-26,899.35</b>	<b>-33,200.43</b>
<b>Cash Flow From Financing Activities</b>		
Increase (decrease) in provision for dividends	54,574.20	-30,198.22
Proceeds of issue of shares	2,418.00	7,537.00
Increase (decrease) members rebate	-64,211.67	-38,911.22
Increase (decrease) bonus shares	0.00	0.00
Increase (decrease) Prior Year Adjustments	-5,471.92	0.00
Proceeds of borrowings	0.00	0.00
<b>Net cash provided by (used in) financing activities</b>	<b>-121,839.79</b>	<b>-61,572.44</b>
<b>Net increase (decrease) in cash held</b>	<b>-141,871.14</b>	<b>38,986.80</b>
<b>Cash at the beginning of the year</b>	<b>255,537.77</b>	<b>216,550.97</b>
<b>Cash at the end of the year (Note 1.)</b>	<b>113,666.63</b>	<b>255,537.77</b>

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
**Trading as TAFCO RURAL SUPPLIES**

Cash Flow Statement For the year ended 30 June, 2008	2008	2007
	\$	\$
ANZ Chq A/c 47723	-147,894.77	1,913.82
ANZ Cash management account	261,061.40	253,123.95
Cash on hand	300.00	300.00
Petty cash	200.00	200.00
	<b>113,666.63</b>	<b>255,537.77</b>

*The accompanying notes form part of these financial statements.*

### **Note 1: Statement of Significant Accounting Policies**

This financial report is a special purpose financial report prepared for use by directors and members of the company. The directors have determined that the company is not a reporting entity.

The report has been prepared in accordance with the requirements of the following Australian Accounting Standards.

AASB 1031: Materiality

AASB 110: Events after the Balance Sheet Date

No other Australian Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

#### **(a) Property, Plant and Equipment**

Property, plant and equipment are carried at cost, independent or directors' valuation. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company.

#### **(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.

### **Note 2: Dividends**

Members Dividend	54,574.20	30,198.10
	<b>54,574.20</b>	<b>30,198.10</b>

### **Note 3: Cash assets**

Bank accounts:

ANZ Chq A/c 47723		1,913.82
ANZ Cash management account	261,061.40	253,123.95

Other cash items:

Cash on hand	300.00	300.00
Petty cash	200.00	200.00
	<b>261,561.40</b>	<b>255,537.77</b>

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
Trading as TAFCO RURAL SUPPLIES

**Note 4: Receivables**

**Current**

Trade debtors	293,449.04	230,680.29
Provision for doubtful debts	(12,113.00)	(11,260.00)
	281,336.04	219,420.29

Amounts receivable from:

- Related parties		48,001.00
	<b>281,336.04</b>	<b>267,421.29</b>

**Non-Current**

Amounts receivable from

- Shareholders	3,714.41	7,133.53
	<b>3,714.41</b>	<b>7,133.53</b>

**Note 5: Inventories**

**Current**

Finished goods at cost	475,169.50	383,224.29
	<b>475,169.50</b>	<b>383,224.29</b>

**Note 6: Other Financial Assets**

**Current**

Shares in other corporations - at cost:

- Listed on a prescribed stock exchange	37,555.00	
- Unlisted	100,000.00	
- Less: Provision for diminution		
	<b>137,555.00</b>	

**Non-Current**

Other investments

- Interests in partnership		16,179.10
- Other investments		
		<b>16,179.10</b>

**Note 7: Other Assets**

**Non Current**

Preliminary expenses	17,465.50	17,465.50
Less: accumulated amortisation	(16,587.00)	(15,714.00)
	<b>878.50</b>	<b>1,751.50</b>

**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	353,862.00	349,612.00
- Less: Accumulated depreciation	(90,703.00)	(81,433.00)
	263,159.00	268,179.00

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
Trading as TAFCO RURAL SUPPLIES

Plant and equipment:

- At cost	151,695.38	137,539.81
- Less: Accumulated depreciation	(88,274.00)	(78,925.00)
	63,421.38	58,614.81
	<b>583,176.88</b>	<b>583,390.31</b>

**Note 9: Intangible Assets**

Goodwill:

- At cost	15,000.00	15,000.00
- Less: Accumulated amortisation	(14,250.00)	(13,500.00)
	<b>750.00</b>	<b>1,500.00</b>

**Note 10: Payables**

Unsecured:

- Trade creditors	241,166.82	224,237.67
	<b>241,166.82</b>	<b>224,237.67</b>

**Note 11: Provisions**

**Current**

Employee entitlements*	41,187.00	49,504.00
	<b>41,187.00</b>	<b>49,504.00</b>

\* Aggregate employee entitlements liability

There were 5 employees at the end of the year

**Note 12: Contributed Capital**

**606380 Ordinary shares at \$1.00 each fully paid**

<b>606,380.00</b>	<b>603,962.00</b>
-------------------	-------------------

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.

**Note 13: Remuneration & Retirement Benefits**

**Directors' Remuneration**

Income received or due and receivable by all directors of the company from the company and any related bodies corporate

11,204.00	10,134.00
-----------	-----------

Number of directors whose income from the company or any related parties was within the following bands:

\$	\$	No.	No.
0 -	9,999	7.00	7.00

The names of directors of the company who have held office during the financial year are:

COLIN McCORMACK	ALLAN McGUFFIE
JULIE CARROLL	PAUL DALBOSCO
ANGELO GRASSI	JOE LASPINA
ANTONIO MAUTONE	

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
**Trading as TAFCO RURAL SUPPLIES**

**AUDITORS REPORT**

To the members,

In my opinion:

1. The accompanying Financial Statements, being Profit and Loss, 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 2008 and of the results and cash flows of the Co-operative for the year ended 30<sup>th</sup> June 2008; 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 25th.....day of November....20 08



(signed)

Full Name: SAM P. MAROTTA\_GD(acctg); Fellow NTAA;RTA;JP  
REGISTERED COMPANY AUDITOR (Reg No 8799...)  
Telephone No: 03 57511411



**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
**Trading as TAFCO RURAL SUPPLIES**

**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 9<sup>th</sup> FEBRUARY 2009**

(\*\*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 9<sup>th</sup> February 2009**