

TAFCO™

Primary Producer Proud



ANNUAL REPORT to MEMBERS 2013-2014

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TAFCO Rural Supplies

215 Great Alpine Road, Myrtleford 3737

03 5752 1800



TAFCO
RURAL SUPPLIES

BOARD OF DIRECTORS:

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

Observer Directors:

Mr. Dan IVONE

SECRETARY:

Ms. Kerry MURPHY

MERCHANDISING MANAGER:

Mr. Tony VACCARO

STAFF:

Mr. Glenn COUSINS
 Mr. Nick RUARO
 Mr. Gerard SACCO
 Mr. Tony LaSPINA (deliveries)
 Wade IVONE (Trainee – School Based Apprentice)

AUDITOR/REVIEWER:

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 27th NOVEMBER 2014 commencing at 6.00p.m

BUSINESS:

1. Attendance & Apologies
2. Confirmation of the Minutes of the Annual General Meeting held on Thursday 26th November, 2013
3. Business Arising
4. Chairman's Report
5. Managers Report
6. Receiving & Adopting of: (a) Profit & Loss Statement
(b) Balance Sheet
(c) Directors Declaration and Directors Report
(d) Independent Assurance Practitioners Report
7. Appointment of Directors: By rotation, Paul Dalbosco & Antonio Mautone retire and are available for re-election: *(Nomination forms on last page of report)*
8. Ratification of Rates of Dividend, Bonus & Rebates.
At the Directors meeting held on the 4th June 2014 a motion was carried issuing a 5% dividend to members and a 2.75% rebate on members trading 01.04.13 to 31.03.14 be paid as a credit on members accounts on the 30th June 2014.
9. Directors Fees - Ratification
At the Directors Meeting held on the 1st October 2014, 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.
10. **Change of rules to reflect Co-operative National Law Application Act 2013**
New draft rules were submitted to Consumer Affairs Victoria to reflect the introduction of the Co-operative National Law and repealing of the Co-operative Act 1996 (Vic).
Approval was granted on the 28th August 2014 for the proposed new rules to be adopted by members. Full copy available for download from website or hardcopy posted upon request.

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 26th NOVEMBER 2013 AT THE MYRTLEFORD SAVOY SPORTING CLUB MYRTLEFORD WHICH COMMENCED AT 6.10p.m.

PRESENT:

A.McGuffie, J.LaSpina, L.Campbell, G.Cossignani, A.Grassi, D. Ivone, N.Mautone, R. Hamilton, Peter Antonello, Brian & Jane Casey, Julian & Caroline Castagna, Peter & Angela Cunico, Gary Daws, Tony Ferraro, Chris & Judy Griffith, Doug Hamilton, Ken Heywood, Trevor Jepson, Jo & Joe Leggio, Frank Marotta, Michael McCormack, Colin McCormack, Craig Orton, Rennie Pasqualotto, Steven Pitts, John Stewart, Rosa & Vic Tomasoni, Tony Vaccaro & Kerry Murphy

Guests:

C.McGowan AO -Member for Indi, Peter Roper Mayor Alpine Shire, Libby Skilbeck VFF, Stephanie Lueng ANL , Kirk Talbothany, Wade Ivone, Nev Griffiths.

APOLOGIES:

P.Dalbosco, L. Carroll, G.Cousins, P.Burrowes, E.Cavedon, D.Connors, A.Curtis, J.Fleming, J.Forsyth, G.Gasser, D.Harley, P.Ivone. M.Milne, G.Nicoll, A.Roman, W.Sartori.

Moved P.Cunico/J.Leggio that the apologies be accepted.

CARRIED.

MINUTES:

Moved L.Campbell/N.Mautone that the Minutes of the Annual General Meeting, held on Thursday 31st January 2013 be confirmed.

CARRIED

BUSINESS ARISING: Nil

CHAIRMAN'S REPORT:

The Chairman Allan McGuffie read his report which was tabled in the Annual Report to the meeting.

Moved R.Hamilton/R.Tomasoni that the Chairman's Report be received.

CARRIED.

MANAGERS REPORT:

Manager Tony Vaccaro spoke to the Audited Financial accounts and outlined that TAFCO was in a strong financial position (\$1.9M) and in a sound, healthy financial position for the future. The Balance Sheet shows that if the business was wound up that Shares would be worth over \$3.00 each. Gross profit up from \$464,000 to \$542,000 from previous year.

Members were urged to consider P.Ash Elders Insurance when next reviewing their insurance as this is a valued partnership to TAFCO and assists our financial position.

Recognised by the Alpine Shire for Excellence in Retail this year, TAFCO will continue to strive to bring the best possible service to customers both in store and through our deliveries.

Members were thanked for their support.

Moved G.Cossignani/P.Cunico that the Managers report be received.

CARRIED.

FINANCIAL REPORTS:

Moved N.Mautone/J.Leggio 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 & Angelo Grassi

Moved P.Cunico/R.Tomasoni that A.McGuffie & A.Grassi be appointed as Directors for a 3 year term.

CARRIED.

RATIFICATION OF RATES & DIVIDEND:

Moved G.Cossignani/R.Hamilton ratified that a 2.50% rebate on members 12 month trading from 1st April 2012 to as at the 31st of March 2013 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 2nd October 2013 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 remain at \$150 per day.

Moved C.McCormack/R.Tomasoni that an annual Chairman's Allowance of \$8,000 and Directors Day Allowance of \$150 be ratified.

CARRIED.

GENERAL BUSINESS:

None

Guest Speaker:

Chairman Allan McGuffie welcomed recently elected Member for Indi Cathy McGowan AO to the meeting and congratulated her on her extraordinary journey in a such a short period of time through the Voice of Indi Campaign to being the first female independent in Federal Parliament.

Members were asked to keep an agricultural focus and relevance to the audience in their questions to Cathy at the end of her short talk.

The meeting was officially closed when Cathy commenced.

MEETING CLOSED 6.30 p.m:

.....
Chairman

dated

CHAIRMANS REPORT.

It is with great pleasure that I present the TAFCO Chairman's Report for the 2013-14 Year.

TAFCO's current trading position continues to remain strong which is reflected in the Financial Accounts. Turnover increased by \$185,277 to \$4,141,613 which Directors issued a 2.75% rebate on trading and a 5% dividend on shares which was paid as a credit on members accounts in June 2014.

The Board and Management have reviewed sales comparisons from 2010 to 2014 and are pleased that the decision to acquire Murray Goulburn Trading has reflected positively in our trading account. There has been significant strong growth in animal feed and health stock lines with steady growth in electric fencing, plant protection and herbicides. These increased sale areas have compensated for the decreasing sales in fungicides and pesticides which are reflective of the annual seasonal conditions and general downturn in horticulture.

Upgrading our truck to a larger capacity for our regional delivery service has been well worthwhile. Our delivery service throughout the Ovens, King, Kiewa and Beechworth regions has kept the truck on the road a minimum of three days and often 4 days a week. There has been strong growth in the Beechworth-Yackandandah area and Kiewa Valley.

The launch of TAFCO's new website, electronic Newsletter and Facebook page 12 months ago has improved communications with our members and the wider community. Providing a resource and not just a marketing tool has been popular with internet users. Our Products, R & D and Resources pages are very popular although our electronic noticeboard with 'Buy Swap Sell' has had a slow uptake. Overall the new website has significantly increased traffic than our previous website. We are happy for members to provide feedback, if you have any suggestions for improvement then contact us. www.tafco.com.au

Our network of weather stations is a great example of how we can provide a community service across the region. Data is transmitted through the next-G network and can have delays during storm weather events. We acknowledge and thank our partners who continue to support this great initiative; Alpine Shire, Rural City of Wangaratta, King Valley Vignerons, Alpine Valley Vignerons and Ito En.

TAFCO is looking to bring new partners on board to ensure that calibration, maintenance and repairs can undertaken on a regular basis.

The expanding of offices for Phil Ash Elders Insurance has given security of additional income streams and strengthened our partnership through this arrangement. I would encourage all members to have a chat to Phil and his team about your existing or any new insurance.

The introduction of the Co-operatives National Law and repeal of the former Co-operatives Act 1996 (Victoria) has seen the Board review our rules and put forward to members new rules which have been brought in to reflect the change in legislation. From a members point of view there is no significant change.

Under Co-operatives National Law, TAFCO is defined as a small co-operative and therefore the Board have the option of having a review rather than a full scale corporations audit. The Board have decided to provide members with the same Financial reporting in Annual Reports and to continue having accounts audited by a Qualified auditor with some minor changes where any risk is limited. This years report includes the Auditors Letter to the Board in addition to the Independent Assurance Practitioners Report. There are minor changes in some of the presentation as figures have been drawn directly from TAFCO's accounting program.

CHAIRMANS REPORT (cont.)

Changes to the way the review/audit of accounts has been conducted will be reflected in the costs associated with the review.

During the course of the year TAFCO looked into the potential to open a new business. The closure of Myrtleford Foodworks was seen as a potential opportunity to expand our business. There was significant investigations done into this and we did not proceed. It certainly got some strong reactions from members across the spectrum of positive and negative.

The TAFCO Board and Management team are always looking at opportunities when they arise. Members can be assured that no actions are taken without rigorous due diligence in looking at the risks and there must always be a benefit to members for the Board to undertake any new venture.

TAFCO has continued to support the regional community through sponsorships to local sporting bodies including golf, bowls, soccer, football and netball clubs. The Myrtleford and District Agricultural & Pastoral Society, Alpine Valley Vignerons, King Valley Vignerons, Chestnuts Australia have received support and a range of donations of stock for many worthy causes have been given during the year.

Busy times are predicted for the Board, Management and staff – as we continue to improve and grow our business for the benefit of our members. We pride ourselves in delivering an exceptional service to members and the community and will continue to invest in staff training to improve our product knowledge and offer a variety of events during the year that support agriculture.

During the year we visited other agricultural trading co-operatives including Terang in Western Victoria and Yolla Producers Co-operative in Tasmania. We never cease to stop learning and the synergies with other co-operatives give us new ideas and often reinforce our own thoughts and actions as we endeavor to improve our business and service to members.

We have identified other co-operatives that we would like to visit in the coming year and plan to invest some resources in this area.

In conclusion 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 commitment to customer service, through their product knowledge and making customers feel welcome in store.

It has again been a very successful trading year, and one which we aim to grow in 2015.



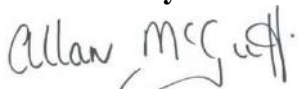
Allan McGuffie
CHAIRMAN OF DIRECTORS.

DIRECTORS REPORT:

In accordance with the Co-operative National Law, your Directors submit their report together with audited financial statements for the year ended 30th June 2014:-

- (a) The names of the directors in Office for the period of this Report 01.07.13 to 30.06.14 are; Allan McGuffie , Joe LaSpina, Lachlan Campbell, Guido Cossignani, Paul Dalbosco, Angelo Grassi & 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. 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 2014, after provisions for income tax was a profit of 196,140.17 (previous years \$175,503.99)
- (d) A total of 599,103 fully paid Shares at \$1.00 each are Registered fully paid Shares.
- (e) The Directors recommended a 5% dividend (\$29,955) & a 2.75% rebate on trading (\$84,130) which was paid on the 30th June 2014.
- (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 1st October 2014



ALLAN MCGUFFIE
Chairman



JOE LaSPINA
Deputy Chairman

DIRECTORS DECLARATION:

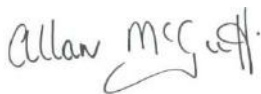
In accordance with a resolution of the Board of Directors we, ALLAN McGUFFIE and JOE LaSPINA being two Directors of the Tobacco & Associated Farmers Co-operative Limited, state on behalf of and in accordance with a resolution of the Directors, that, the Directors have determined that the co-operative is a small co-operative and that the Financial Reports

The Directors of the co-operative declare that:

1. The accompanying Financial Statements and notes for the financial year 1st July 2013 to 30th June 2014, are prepared in accordance with the *Co-operatives National Law Application Act 2013* and *Co-operatives National Law (Victoria) Local Regulations 2014*, and:
 - (a) give a true and fair view of the state of affairs of the Co-Operative for the financial year 1st July 2013 to 30th June 2014; 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 1st October 2014

ON BEHALF OF THE BOARD.



ALLAN McGUFFIE



JOE LaSPINA

Trading Account	2013	2014
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Trading Income**Revenue**

Sales

3,956,335.63

4,141,612.83

Total Revenue**\$3,956,335.63****\$4,141,612.83****Cost of Goods Sold**

Purchases

3,440,889.23

3,592,606.55

Inwards Freight

43,275.02

44,647.43

Stock Movement

(70,289.12)

(103,374.48)

Total Cost of Goods Sold**\$3,413,875.13****\$3,533,879.50****Trading Gross Profit****\$542,460.50****\$607,733.33**

Detailed Profit and Loss Statement	2013	2014
Expenses		
Membership-V.F.F.	977.27	646.37
Member Fees-A.I.R.R.	5,800.00	5,800.00
Motor Vehicle - Fuel	5,856.46	6,007.08
Motor Vehicle-Interest on Loan	0.00	244.32
Motor Vehicle - Running Costs	1,029.19	2,345.53
Open Day Expenses	34.00	183.26
Postage	4,977.75	4,433.14
Printing And Stationery	7,879.23	7,095.88
Project Funding Expenses	7,950.38	6,581.29
Rates & Taxes-215 Myrtle St	5,974.42	7,208.92
Rates & Taxes-231 Myrtle St	2,775.45	3,889.00
Repairs & Maintenance - Plant	1,338.48	422.30
Repairs & Maint.-215 Myrtle St	11,778.50	4,444.41
Repairs & Maint.-231 Myrtle St	3,642.22	1,158.55
Replacements	430.00	65.45
Security	2,137.91	1,903.09
Seminars & Conferences	0.00	235.00
Signwriting	1,957.00	0.00
Special Write Off Building	10,997.00	11,621.00
Subscriptions	453.00	446.64
Superannuation - Staff	39,775.98	44,815.52
Staff Training	2,381.20	342.00
Telephone	11,524.28	12,077.82
Travelling & Accommodation	903.51	3,221.23
Travelling & Accommodation-VFF	1,894.36	336.36
Truck - Fuel	9,418.52	10,749.64
Truck - Lease	10,481.49	13,975.32
Truck - Running Costs	1,343.15	1,858.26
Uniforms	795.46	215.46
Utility - Fuel (Nissan)	1,735.03	1,922.24
Utility - Lease (Nissan)	113.42	0.00
Utility - Running Exp (Nissan)	974.24	1,811.66
Utility - Fuel (Ford)	2,558.97	2,113.18
Utility Running Exp (Ford)	968.01	1,556.88
Wages	289,466.26	289,250.32
Web Page Setup & Maintenance	3,680.90	797.58
Workcover	4,490.96	4,722.20
Total Expenses	\$566,693.24	\$584,959.99
Net Profit / (Loss)	<u>\$205,308.99</u>	<u>\$234,688.17</u>

Profit and Loss Statement	2013	2014
Operating profit before income tax	205,308.99	234,688.17
Income tax attributable to operating profit (loss)	<u>(29,805.00)</u>	<u>(38,548.00)</u>
Operating profit after income tax	175,503.99	196,140.17
Retained profits at the beginning of the financial year		
	<u>371,402.27</u>	<u>423,968.25</u>
Total available for appropriation	546,906.26	620,108.42
Dividends provided for or paid	(29,977.40)	(29,955.15)
Aggregate of amounts transferred to reserves	(18,806.00)	(15,664.00)
Other appropriations(members rebate)	(74,154.61)	(84,130.20)
	<u>(122,938.01)</u>	<u>(132,891.35)</u>
Retained profits at the end of the financial year	<u>\$423,968.25</u>	<u>\$490,359.07</u>

Detailed Balance Sheet

	2013	2014
Current Assets		
Cash on Hand	600.00	600.00
Petty Cash	200.00	200.00
Trade Debtors	230,939.44	255,719.31
Less: Provision Doubtful Debts	(23,094.00)	(25,572.00)
Other Debtors	10,904.33	10,355.00
A.N.Z. Term Deposit	247,265.77	258,759.95
Business Online Saver Account	51,397.89	52,584.31
A.N.Z. Account 47723-Chq. A/C	(28,582.30)	15,232.94
Inventory	483,643.74	587,018.22
Shares - Incitec Pivot	11,612.00	11,774.00
Shares - A.I.R.R.	271,484.00	271,554.00
Loan A/C-Members re GST	9,133.58	(1,288.52)
Less:Provision for Ammort.	0.00	(2,500.00)
Total Current Assets	<u>1,265,504.45</u>	<u>1,434,437.21</u>
Fixed Assets		
Land 231 Myrtle St @ Dir. Val.	85,000.00	85,000.00
Build. 231 Myrtle @ Dir. Val.	279,000.00	279,000.00
Buildings-215 Myrtle Street	443,866.75	443,866.75
Less:Accum. Write-Off	(141,657.00)	(153,278.00)
Build. 231 Myrtle-Shed Part.	4,250.00	4,250.00
Plant & Equipment @ Cost	202,265.70	257,533.01
Less: Accumulated Depreciation	(130,398.00)	(145,798.00)
Land 215 Myrtle St @ Dir. Val.	213,000.00	213,000.00
Total Fixed Assets	<u>955,327.45</u>	<u>983,573.76</u>
Intangible Assets		
Goodwill @ Cost Ex M.G.	50,000.00	50,000.00
Total Intangible Assets	<u>50,000.00</u>	<u>50,000.00</u>
Total All Assets	<u>\$2,270,831.90</u>	<u>\$2,468,010.97</u>
Current Liabilities		
Provision for Income Tax	4,037.25	5,331.05
Trade Creditors	270,276.44	371,481.98
Accrued Creditors	26,684.74	(5,276.39)
Provision for Annual Leave	26,463.00	25,058.00
Provision for Long Service	42,831.00	50,093.00
Total Current Liabilities	<u>370,292.43</u>	<u>446,687.64</u>
Long Term Liabilities		
Suspense Account-Clearing	9,330.00	482.00
Loan Esanda-Chatte Mortgage	0.00	61,760.57
Unexpired Interest-Esanda	0.00	(8,113.55)
Total Long Term Liabilities	<u>9,330.00</u>	<u>54,129.02</u>
Total All Liabilities	<u>\$379,622.43</u>	<u>\$500,816.66</u>
Net Worth	<u>\$1,891,209.47</u>	<u>\$1,967,194.31</u>

<u>Detailed Balance Sheet</u>	<u>2013</u>	<u>2014</u>
Equity		
Income Tax Expense	(29,805.00)	(38,548.00)
Members Rebate	(74,154.61)	(84,130.20)
Members Dividend	(29,977.40)	(29,955.15)
Transfer General Reserve	(8,775.00)	(9,807.00)
Long Service Leave	(6,839.00)	(7,262.00)
Annual Leave	(3,192.00)	1,405.00
Bonus Share Issue	0.00	0.00
Ordinary Shares - Fully Paid	599,548.00	599,103.00
Retained Profits/Losses	116,912.26	(35,830.75)
Capital Profit Reserve	41,170.15	41,170.15
General Reserve	179,863.00	189,670.00
Asset Revaluation Reserve	646,660.07	646,892.07
Profit & Loss Brought Forward	459,799.00	694,487.17
<u>Total Equity</u>	<u>1,891,209.47</u>	<u>1,967,194.29</u>

Cash Flows Statement**Source of Funds**

<i>Description</i>	<i>Amount</i>
Annual Leave	4,597.00
Asset Revaluation Reserve	232.00
Current P&L	50,199.19
General Reserve	9,807.00
Less: Accumulated Depreciation	15,400.00
Less: Provision Doubtful Debts	2,478.00
Less: Accum. Write-Off	11,621.00
Less: Provision for Ammort.	2,500.00
Loan A/C-Members re GST	10,422.10
Loan Esanda-Chattel Mortgage	61,760.57
Members Dividend	22.25
Other Debtors	549.33
Profit & Loss Brought Forward	184,488.98
Provision for Income Tax	1,293.80
Provision for Long Service	7,262.00
Trade Creditors	101,205.54
	463,838.76

Application of Funds

<i>Description</i>	<i>Amount</i>
A.N.Z. Term Deposit	11,494.18
A.N.Z. Account 47723-Chq. A/C	43,815.24
Accrued Creditors	31,961.13
Business Online Saver Account	1,186.42
Income Tax Expense	8,743.00
Inventory	103,374.48
Long Service Leave	423.00
Members Rebate	9,975.59
Ordinary Shares - Fully Paid	445.00
Plant & Equipment @ Cost	55,267.31
Provision for Annual Leave	1,405.00
Retained Profits/Losses	152,743.01
Shares - A.I.R.R.	70.00
Shares - Incitec Pivot	162.00
Suspense Account-Clearing	8,848.00
Trade Debtors	24,779.87
Transfer General Reserve	1,032.00
Unexpired Interest-Esanda	8,113.55
	463,838.78

Independent Auditors Review Report



AlpineTAX
Registered Tax Agent

Porcaro Holdings Pty Ltd ABN 98 007 172 787 Trading as:
91 Standish Street
Myrtleford VIC 3737
Telephone (03) 5751 1411
Fax (03) 5751 1416

ACCOUNTING for YOUR Business

16th September 2014

The Directors
Tobacco and Associated Farmers Co-Operative Ltd.
215 Myrtle Street
MYRTLEFORD VIC. 3737

Dear Sirs,

RE : AUDIT FOR YEAR ENDED 30TH JUNE 2014

I thank the Directors for the opportunity of acting as Auditor/Reviewer of the Co-operative and now advise that the Audi/review for the year ended 30th June 2014 is complete.

This year has seen the introduction of the Co-operatives National Law Application Act 2013 (CNL) and Co-operatives National Law (Victoria) Local Regulations 2014. Under the CNL Tafco is classified as a "Small Co-operative" and therefore not required to produce a full set of audited Financial Statements unless requested by the members at a General Meeting.

The Directors however have requested that a "Review" to be conducted in accordance with Standard on Review Engagements ASRE 2400, as outlined in the Engagement Letter.

A Review is more limited in nature compared to an Audit and as such after discussions with the Manager & Secretary we have not reviewed certain areas. Also, we have not prepared the Executive Financial Summary & Graphs or assisted as in past years to produce assisted in producing a full set of Financial Accounts & Statement of Cashflows. We have therefore relied on the Tafco accounting system, "Merlin".

A. EXAMINATION OF BOOKS & RECORDS AND EVALUATION OF INTERNAL CONTROL

My examination of the books and records on a sample basis has revealed no major weaknesses and the records are properly maintained.

Executive Director:
Sam P. Marotta GD (Acctg); JP
Registered Company Auditor
Registered SMSF Auditor

Director:
Elena Marotta DipEc

email: admin@alpinetax.com.au
website: www.alpinetax.com.au

B. EXAMINATION OF FINANCIAL STATEMENTS

1. Cash on Hand and Bank Accounts

All Bank Accounts have been checked and verified and bank reconciliations are regularly prepared by the Manager. We did note again however that there is a

“timing difference” in the Merlin bank reconciliation for the main trading account if the reconciliation is not printed exactly at the end of the period. We were able to manually reconcile the bank account to confirm the figure in the Accounts. We did suggest to the Manager that for the end of the financial year, the reconciliation should be done on the day to ensure that it is correct.

2. Debtors

The existence, collectability and value of trade debtors has been checked and verified. Debtors are higher this year at \$255719 (an increase of \$24780), compared with \$230939 last year.

The aged debtors list was discussed with the Manager & there are no serious concerns.

As a result of the increase in Debtors, the provision for Doubtful Debts of 10% of debtors, has increased from \$23094 to \$25572.

As part of the Review I have not circularised debtors as at the 30th June, 2014 seeking confirmation of balances.

3. Stocks

A Physical stocktake was conducted again in June this year and Stock on hand increased significantly by \$103375 to \$587018. Stock valuations were checked against invoices on a test basis and no problems were revealed. The increase in stock is again largely due to the Murray Goulburn lines including stockfeed.

4. Fixed Assets

I believe accurate records are maintained for fixed assets. Any acquisitions and disposals have been checked and where possible physical existence of assets was confirmed. As part of my examination of fixed assets this year, I have confirmed existence of new additions during the year as shown on the depreciation schedule.

The following items were added/disposed of during the year:

Dell Optiplex Computer 9010	29.07.2013	1455
Dell Optiplex Computer 9020	22.10.2013	1409
Computer rack Cabinet	04.10.2013	682
Epsom Printer & cash drawer	28.10.2013	710
Pallet racking	12.03.2014	1520
Ford Ranger Crew Cab	30.06.2014	49492
TOTAL		\$ 55,268
Disposals		
NONE		

5. Trade Creditors

The examination of Trade Creditors revealed no problems this year or any omissions. Trade Creditors have increased from \$296961 to \$366206 this year and most were paid at the time of conducting the Audit.

6. Employee Entitlements

In accordance with accounting standards and corporation's law, provisions have been made for long service leave and annual leave entitlements.

	2014	Difference	2013
Annual Leave Provision	25058	-1405	26463
Long Service Leave Provision	50093	7262	42831

7. Goodwill

The Goodwill of \$50000 is shown in the Balance Sheet at cost was discussed with the Manager and it was decided that this be written off over 20 years at a rate of 5%.

C. TRADING RESULTS

Turnover has increased this year by \$185277 to \$4141613, a substantial increase and with continuing benefits of having former Murray Goulburn Trading product lines.

Net Profit has increased from \$205309 to \$234688 before tax. Gross Profit on Trading has increased by \$65273 this year to \$607733.

The results are very good again this year with net profit again at its highest since 2006 during the heyday of the Tobacco Industry. The Directors and Management have been successful in ensuring the Co-operatives remains in a strong position.

As a result the Directors were able to declare to Members a Dividend of \$29955 and Rebates of \$84130.

The Table below shows a summary of the trading results:

	2014 Difference		2013
	\$	\$	\$
Sales	4141613	185277	3956336
LESS: COGS	3533880	120005	3413875
Gross Profit	607733	65272	542461
ADD: Other Income	211915	-17626	229541
	819648	47646	772002
LESS: Expenses	584960	18267	566693
NET PROFIT before Tax	234688	29379	205309

GENERAL

The Directors and Members should be very pleased with the results again this year and the Directors and Staff should be congratulated for their great efforts.

Finally, I would like to thank the Manager and Secretary for their cooperation during the conduct of the Audit/ review.

Yours faithfully,
AlpineTAX

Sam P Marotta GD (Acctg); Fellow NTAA; RTA; IP
Registered Company Auditor

Independent Assurance Practitioner's Report

Independent assurance Practitioner's Report

To the members of TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED

Report on the financial report

We have reviewed the accompanying annual financial report of TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED, which comprises the Profit & Loss Statement and Balance sheet as at 30th June 2014 and other explanatory information.

The Directors Responsibility for the financial report

The Directors of the Co-operative are responsible for the preparation of the annual financial report that gives a true and fair view in accordance with the Co-operatives National Law Application Act 2013 and the Co-operatives National Regulations 2014. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Assurance practitioner's responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2400 Review of a Financial Report performed by an Assurance Practitioner who is not the Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the Australian Accounting Standards. ASRE 2400 requires us to comply with the requirements of the applicable code of professional conduct of an accounting body.

A review of an annual financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.


Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the annual financial report of TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED does not present fairly, in all material respects, the TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED's financial position as at year end and of its financial performance for the year ended on that date in accordance with the Australian Accounting Standards.

Basis of accounting

The financial report has been prepared for the purpose of fulfilling The Directors reporting responsibilities. As a result, the financial report may not be suitable for another purpose.

Dated at MYRTLEFORD this 16th day of September 2014

 (Signed)

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 THURSDAY 21ST NOVEMBER 2014.

(*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 National Law 2013 and according to the Rules of the Co-operative Section 47(5):-

- 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 THURSDAY 21st NOVEMBER 2014**