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TAFCOTM RURAL SUPPLIES

ANNUAL REPORT to MEMBERS 2019-2020



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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. Dan IVONE

ALTERNATE DIRECTORS:

Mrs. Katrina BENDEMAN
Mr. Jake HOWMAN

SECRETARY:

Ms. Kerry MURPHY

MERCHANDISING MANAGER:

Mr. Tony VACCARO

STAFF:

Mr. Glenn COUSINS
Mr. Gerard SACCO
Mr. Peter CLARK
Mr. James MCKERRAL
Mr. Neville BLEWETT (casual)
Miss Alicia GORDON

MYRTLEFORD FARMERS MARKET CO-ORDINATOR

Mrs. Franca NORRIS

AUDITOR/REVIEWER:

Mr. Sam MAROTTA

ACCOUNTANTS:

Alpine Tax

BANKERS:

ANZ Banking Group - MYRTLEFORD BRANCH

Page: CONTENTS:

1. Notice of Meeting and Agenda
3. Minutes of previous Annual General Meeting held on 27th November 2018
5. Chairman's Report
7. Directors Qualifications & Experience
9. Directors Report
10. Directors' Declaration
11. Detailed Profit and Loss Statement
14. Detailed Balance Sheet
16. Notes to the Financial Statements
18. Independent Auditors Report
19. Independent Auditors Declaration
20. Nomination Form



NOTICE TO MEMBERS & AGENDA.

NOTICE is hereby given for the ANNUAL GENERAL MEETING of the TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED, to be held outdoors at CLUB SAVOY, 252 Great Alpine Rd Myrtleford on THURSDAY 26th November 2020 commencing at 5.30p.m followed by light refreshments
Strict Covid-19 protocols will be in place requiring all members intending to attend must register with the Secretary by phoning 0357521800 or email kerry@tafco.com.au

BUSINESS:

1. Attendance & Apologies
2. Confirmation of the Minutes of the Annual General Meeting held on Thursday 19th November, 2019
3. Business Arising
4. Chairman's Report
5. Manager's 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, Katrina Bendeman and Jake Howman retire and are available for re-election for a further 3 year term:
(Nomination forms on last page of report)

8. Ratification of Rates of Dividend, Bonus & Rebates.
At the Directors meeting held on the 6th May 2020 a motion was carried issuing a 4% dividend to members and a 4% rebate on members trading 01.04.19 to 31.03.20 be paid as a credit on members accounts on the 29th June 2020.

9. Directors Fees - Ratification
At the Directors Meeting held on the 2nd October 2019 directors reviewed Directors Fees and recommend that the Chairman's Annual Allowance remain at \$8,000 per annum and the Directors Sitting Fee- Day Allowance be increased to \$250 per day.

10. Special Resolutions approved by the Board 15.10.2020 to change rules
Background:

In response to growing the TAFCO business and the current strategic plan – it is proposed to expand TAFCO's profile in emerging markets through the creation of a new class of shares being community membership without shareholding. The aim of introducing a new class of membership is to enable TAFCO to expand sales into the domestic and potential future online markets and for long term sustainability of the business. To implement this a change to rules is required through a Special Resolution.

2. A code of conduct for Board Members has been adopted by TAFCO and needs to be referred to in the Rules which also requires a Special Resolution:

The following amendments to rules are:

Rule No. 5 to show there are two types of members:

(a) Shareholder member (b) Community member without shareholding

Rule No. 16. to include the word 'shareholder' in front of member.

Rule No. 45 (3) That all directors must be shareholder members'

Rule No. 45 (4) That directors must comply with the Directors Code of Conduct and a breach can lead to their removal as a Director

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 19th NOVEMBER 2019 AT CLUB SAVOY 252 GREAT ALPINE ROAD MYRTLEFORD WHICH COMMENCED AT 6.00p.m.

PRESENT: A.McGuffie J.LaSpina, L.Campbell, G.Cossignani, A.Grassi, D. Ivone, J.Howman, T.Vaccaro & K.Murphy

APOLOGIES: K. Bendeman, P.Dalbosco, B & M Johnsen

Moved J.LaSpina/L.Campbell that the apologies be accepted. CARRIED.

MINUTES:

Moved A.Grassi/G.Cossignani that the Minutes of the Annual General Meeting, held on Thursday 27th November 2018 be confirmed. CARRIED.

BUSINESS ARISING: Nil

CHAIRMANS REPORT:

The Chairman Allan McGuffie tabled his written report to the meeting and added how it had been an incredible year with exceptional growth. The Manager and staff were thanked for their efforts

Moved D.Ivone/J.Howman that the Chairman's Report be received.

CARRIED.

MANAGERS REPORT:

The Manager, reported that sales had increased 15% from the previous year with sales exceeding \$6million. It took nearly 5 years to increase turnover from 4 to 5 million and then then another year to reach \$6million.

The profit of \$384,000 before tax was extremely satisfying and enable Directors to issue a 4% rebate and 4% dividend to members.

Service to TAFCO members is of the utmost importance, we pride ourselves in making sure we provide great service and advice.

Our delivery service throughout the region has continued to grow and our truck is being upgraded to carry an addition 2 tonne.

TAFCO was a founding member of the AIRR buying group (12 years ago) which has been sold to Elders. TAFCO had 92,998 shares in AIRR, the sale went through in November 2019 and just over \$1,000,000 was received to TAFCO in cash and Elders Shares.

From TAFCO's perspective, nothing has changed, we will continue to purchase through AIRR and still deal with the same people.

The Board of Directors were thanked for their guidance during the year and staff for their contribution and efforts during the year.

Finally the manager thanked the TAFCO members for their support and loyalty throughout the year.

Moved L.Campbell/A.Grassi that the Managers report be received. CARRIED.

FINANCIAL REPORTS:

Moved J.LaSpina/G.Cossignani that the Balance Sheet, the Profit & Loss Statement, the Directors Report and the Independent Assurance Practitioners Report be received
CARRIED.

APPOINTMENT OF DIRECTORS:

By rotation the following Directors retired: A.McGuffie & A.Grassi (3 year term) -
No new nominations were received.

Moved J.LaSpina/L.Campbell that A.McGuffie & A.Grassi be appointed as Directors for a 3 year term
CARRIED.

RATIFICATION OF RATES & DIVIDEND:

Moved A.Grassi/T.Vaccaro ratified that a 4% rebate on members 12 month trading 1st April 2018 to as at the 31st of March 2019 and a 4% 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 2019 Directors reviewed and agreed that there be no increase to the Chairman's Annual Allowance of \$8,000 per annum and that Directors sitting Fees increase to \$250 per day.

Move G.Cossignani/A.Grassi that an annual Chairman's Allowance of \$8,000 and Directors Day Allowance of \$250 be ratified.
CARRIED.

GENERAL BUSINESS: Nil

The Chairman thanked everyone for their attendance

MEETING CLOSED **6.17p.m:**

CHAIRMAN'S REPORT

It is with great pleasure that I present the TAFCO Chairman's Report for the 2019-20 Year – A year of significant challenges for our members and staff. A year of bushfires, a global pandemic and expansion of our business to form a new company to benefit many of our members and the sale of AIRR, our former buying group to Elders.

Again, TAFCO has had a busy and successful trading year as reflected in the Financial Statements. TAFCO's current trading position remains strong with steady growth, a remarkable 13% growth from the previous year. This increase of \$880,000 in turnover saw TAFCO'S total annual turnover just shy of \$7million -

Directors issued a 4% rebate on trading and a 4% dividend on shares which was paid as a credit on member's accounts in June 2020. \$246,617 distributed back to our 600 members as a credit on their account. Since TAFCO was formed in 1987 we have given back just over \$4 million to our members through rebates, dividends and bonus shares.

TAFCO's store has had improvements to the drive through and yard storage area as we maximize every square metre of space for our expanded stock lines and carrying capacity.

An in house governance session for Co-operative Directors was conducted by the Federation of Co-operatives for all TAFCO Board members and alternates as part of our commitment to good governance of the organization. During the course of the year, member Jake Howman was brought on as a new alternate Director and attended the governance session as part of his induction.

The sale of AIRR (Australian Independent Rural Retailers) to Elders in November 2019 was reflected in the Balance Sheet. TAFCO was a formation member of the AIRR buying group and help just over 90,000 shares at the time of the sale. TAFCO accepted the default consideration of the sale of AIRR to Elders which comprised of 50% cash and 50% Elders Shares.

As at the 30th June TAFCO's Balance Sheet shows Shares held in Elders valued at \$788,435 as compared with AIRR Shares valued at \$733,738 the previous year.

We are nothing without members – Our wine grape grower members were hit hard this year due to the Victorian Bushfires and the impact of smoke on their wine grapes. Many without any vintage for 2020 and we are yet to see the full repercussions. One of our largest members HVP lost significant assets through the bushfires which will take many years to recover.

A number of events were in TAFCO's pipeline had to be cancelled due to Covid-19. Our annual ladies day to the Melbourne International Flower Show was the first of many cancelled events and the Myrtleford Farmers Market went into hibernation for 6 months, only recently relaunched in September 2020.

Prior to Covid, TAFCO ran a series of events during the year including a number of workshops on drought preparedness which included two day workshops throughout the Kiewa, King and Ovens Valleys. Agronomists Sue Briggs and Mark Palmer were joined by soil scientist Cath Botta in these workshops which were well attended by farmers interested in improving their pastures as we faced seasonal dry conditions. Participants received free soil tests as part of this project.

Q Fever vaccinations were offered for the second time and well taken up by members.

Partnerships are valued by TAFCO and during the course of the year we welcomed Bendigo Bank as a partner to the Myrtleford Farmers Market for the next three years.

The formation of Rapid Fertiliser and Bulk Spreading P/L in partnership with Brad and Bryce Cundy was a major development during the year. Trading as TAFCO Rapidfert, we purchased the long established K & P McPherson fertiliser supply and spreading Myrtleford based company and commenced trading on the 1st February 2020.

This was a significant development in securing TAFCO's future development.

Looking to the future, organic growth has been sustainable within the farming community. We are now looking to open up membership to the community through the introduction of a new class of membership. A community membership that does not hold shares. Very similar to loyalty schemes that exist in other business models, the Board believe this is a positive step in securing long term sustainability for the co-operative. Rebates and dividends will continue to be paid to existing shareholder members and a loyalty scheme and for community members with operating 'cash sales'.

I would like to thank the Board of Directors and Management team of Tony Vaccaro & Kerry Murphy who continue to run the co-operative sustainably and profitably while overseeing major changes within the co-operative. Furthermore, I would like to acknowledge the 30 years of service by our Manager who continues to run our core business extremely successfully.

To all our staff, firstly we welcome Alicia Gordon in a new role of Administration Office Manager and Health & Safety Rep joining Glenn Cousins, Gerard Sacco, Neville Blewett, James McKerral, Peter Clark, Blake McPherson and Mitch Clark a great team - thank you for your input and hard work over the past year. Merchandise sales, on farm deliveries, accounts and cleaning – you all contribute and I wish to thank you all to working as a team.

Finally to our members, a co-operative exists for you, it is through your support that we continue to be a leading supplier of quality goods and services to the region.

Allan McGuffie – Chairman

DIRECTORS QUALIFICATIONS & EXPERIENCE:

Allan McGuffie:

Chairman Allan McGuffie has held his current role as chair since January 2010 and has been on the Board since being a founder member and Director in 1987. A former tobacco farmer, viticulturalist and horticultural producer. Allan is a qualified Real Estate Agent and is Chairman of the Alpine Regional Horseman's Association and a member of the Myrtleford Recreation Reserve Committee.

Joe LaSpina

Joined the Board in April 2007 having spent 9 years as an observer Director.

Joe has a Certificate 4 in Agriculture with 32 years experience in running a multi commodity family farming enterprise. Accounts, ordering, staffing, sales, horticultural grower and transport logistics. Joe is currently a shift supervisor at Alpine MDF

Lachlan Campbell:

Joined the Board in February 2010 having spent 4 years as an observer Director. He chairs TAFCO's remuneration committee and a founding committee member of the Myrtleford Farmers Market. Lachlan has an Associate Diploma of Applied Science Horticulture and is a graduate of the Australian Institute of Company Directors course.

A past graduate and chairman of the Alpine Valley Community leadership program, an advisor to the Charles Sturt University curriculum committee for their environmental science program and a past board member of Parks Victoria. He is a committee member of the Oxley reserve committee, a 30yr member of the CFA. Together with his wife, manages a vineyard and wine business for the last 25 years and has been involved in the wool and meat industry's. Past Executive Officer with the Alpine Valleys Agribusiness Forum.

Guido Cossignani

Joined the Board in January 2013. After participating in the Alpine Valleys New Leadership Program in 2008, he joined as an observer Director in 2010. Guido is a qualified Motor Mechanic and has a Certificate 4 in Horticulture. Guido has 30 years experience in growing tobacco, blueberries, medicinal herbs, wine grapes, plums and persimmons. Guido has been a regular active participant at regional Farmers Markets.

Angelo Grassi:

Joined the Board in November 2007. Angelo is a qualified Motor Mechanic and Auto Electrician. Has a Certificate 4 in Training and Assessing, Viticulture and Horticulture. Ange is a former tobacco and grape grower and operates two private businesses including a motor workshop and Licenced Gun Dealer.

Angelo is a former Director of the Tobacco Co-operative of Victoria Ltd, past president of the Wangaratta Clay Target Club and is a volunteer member of his local CFA.

Paul Dalbosco:

Joined the Board as an observer in 1997 and became a Director in June 2003 and retired October 2020.

Dan Ivone: Joined the Board in February 2010 and retired July 2020

Alternate Directors:

Katrina Bendeman

Joined the Board in August 2016. An accomplished, customer service and results driven professional, with varied skills and experiences. With over 25 years of relationship management, administration, and program management experience Katrina has strong time management and organisational skills. Katrina brings experience in community development, partnership development, sales, event and project management, client relations, strategic planning and management to the Board.

Jake Howman:

Joined the Board in October 2019. Completing a Bachelor of Commerce at the University of Melbourne specialising in Accounting and Finance before working for international accounting firm Ernst & Young in the Entrepreneurial Growth Markets division. Jake currently works as an independent Risk Management Consultant Working for Assorted insurance companies (9 years) in addition to Operating an Agricultural and Environmental services business and our families beef cattle farming operations based in Rosewhite.

Jake also has Certificate 4 in Agriculture and Cert 3 in Hospitality and Tourism and has attended TAFCO's in house Directors Co-operative Governance Training Workshop in November 2019.

Kerry Murphy

Kerry joined the co-operative as Secretary in July 1988. Kerry has a Diploma of Business specializing in Management, is a graduate of the Alpine Valleys Womens Leadership & Governance Program and has extensive project management experience.

A former Board Member of Alpine Valleys Agribusiness Forum, Treasurer Victorian Farmers Federation (Horticulture Group), Chair of the VFF Agriculture & Vet Chemical Committee, Director of AusChem Training Victoria and has had ministerial appointments including the Victorian Agricultural Chemicals Advisory Committee.

Kerry is a recipient of the Alpine Shires Local Achievers Australia Day Award and is Secretary to the Myrtleford Chamber of Commerce & Industry Inc.

Board Meeting attendance

<u>Director:</u>	02.10.19	04.12.19	22.01.20	13.02.20	06.05.20	11.06.20	30.06.20
Lachlan Campbell	✓	✓	✓	✓	✓	✓	✓
Guido Cossignani	✓	✓	✓	✓	✓	✓	✓
Paul Dalbosco	✓	✓	✓	✓	✓	Apology	✓
Angelo Grassi	✓	✓	✓	Apology	✓	✓	✓
Dan Ivone	✓	Apology	✓	✓	✓	✓	✓
Joe LaSpina	✓	✓	✓	✓	✓	✓	✓
Allan McGuffie	✓	✓	✓	✓	✓	✓	✓
Katrina Bendeman (alternate)	✓	✓	✓	✓	✓	✓	✓
Jake Howman (alternate)		Apology	✓	✓	✓	✓	✓
Kerry Murphy -Secretary	✓	✓	✓	✓	✓	ineligible	Board only

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 2020:-

- (a) The names of the directors in Office for the period of this Report 01.07.19 to 30.06.20 are; Allan McGuffie, Joe LaSpina, Lachlan Campbell, Guido Cossignani, Paul Dalbosco, Angelo Grassi and Dan Ivone 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 2020, was an operating profit before income tax of \$790,496 (previous years \$384,826)
- (d) A total of 587,754 fully paid Shares at \$1.00 each are Registered fully paid Shares.
- (e) The Directors recommended a 4% dividend (\$23,530) & a 4% rebate on trading (\$223,087) which was paid on the 29th June 2020.
- (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 15th October 2020

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 are a true and fair view of the state of affairs.

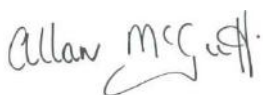
The Directors of the co-operative declare that:

1. The accompanying Financial Statements and notes for the financial year 1st July 2019 to 30th June 2020, are prepared in accordance with the *Co-operatives National Law Application Act 2013 and Co-operatives National Law (Victoria) Local Regulations 2014*, and: give a true and fair view of the state of affairs of the Co-Operative for the financial year 1st July 2019 to 30th June 2020; and comply with applicable accounting standards.

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 15th October 2020
ON BEHALF OF THE BOARD.



ALLAN McGUFFIE

JOE LaSPINA

Detailed Profit and Loss Statement

	2018-2019	2019-2020
Revenue		
Sales	6,077,393.64	6,958,592.11
Total Revenue	\$6,077,393.64	\$6,958,592.11
Cost of Goods Sold		
Purchases	5,317,215.88	6,081,859.11
Inwards Freight	83,033.64	81,691.33
Stock Movement	(141,413.92)	(85,009.82)
Total Cost of Goods Sold	\$5,258,835.60	\$6,078,540.62
Trading Gross Profit	\$818,558.04	880,051.49
Other Income		
Advertising Recovered	5,000.00	0
Commission Received	5,254.00	5,293.16
Electricity & Rates Recovered	1,249.71	0
Farmers Market-Site Fees	10,331.53	7,813.92
Insurance Refund/Claim	0	4,110.00
Sundry Income – Cash Flow Boost	0	49,271.25
Interest Received - Debtors	10,715.40	11,948.28
Profit/Loss on Sale of Fixed Asset		11,948.28
Project Funding	15,181.09	36,538.23
Rebates-Merchandise	154,071.18	173,916.47
Rent Received	23,799.96	25,995.96
Interest Received - Bank	6,785.80	5,260.89
Dividends-Incitec Shares	455.99	208.57
Dividends-AIRR Shares	78,384.03	378,634.71
Dividends – Elders Shares		21,522.34
Dividend – TAFCO Rapidfert	0	2,812.50
Training Income	12,920.00	12,830.00
Wages Reimbursement	6,195.11	1,157.89
Total Other Income	\$330,343.80	\$750,632.72
Total Gross Profit	\$1,148,901.84	\$1,630,684.21
Expenses		
Accounting	2,200.00	2,400.00
Advertising	11,670.75	9,615.72
A.G.M. Expenses	390.70	87.73
Amenities	2,174.48	2,294.53

Tobacco & Associated Farmers Co-operative Ltd Annual Report 2019-2020

<u>Detailed Profit and Loss Statement</u>	2018-2019	2019-2020
Audit Fees	7,250.00	7,600.00
Ammortisation - Goodwill	2,500.00	2,500.00
Bad Debts	4,198.00	0
Bank Charges	10,574.45	9,705.14
Chairmans Allowance	8,000.04	8,000.04
Cleaning	6,880.08	7,736.53
Computer Training & Support	13,410.40	12,377.09
Depreciation - Plant	28,872.00	35,812.00
Directors Expenses	6,000.00	13,900.00
Directors Training/Workshop	407.58	1,116.90
Doubtful Debts	(16,407.00)	(2,428.00)
Electricity/Heating-215 Myrtle	2,757.18	3,018.76
Employment Contracts		1,300.00
Employment Recruiting		1,950.00
Entertainment	1,237.73	478.70
Farmers Market Expenses	10,896.35	9,382.54
Farmers Training Courses	9,091.37	9,382.54
First Aid Allowance	318.33	583.68
Forklift-Repairs & Maintenance	4,518.65	4,063.40
Insurance - General	16,271.20	18,428.00
Interest - Overdraft	118.76	105.35
Legal Fees	0	2,800.00
Licences,Regos,Permits	719.79	572.56
Medical Expenses	220.36	168.96
Membership-Agsafe	595.45	640.00
Membership-Co-ops NSW	725.55	1,476.00
Membership-V.F.F.	860.00	860.00
Member Fees-A.I.R.R.	6,399.96	6,400.14
Motor Vehicle - Fuel (Ranger)	4,218.60	3,807.74
Motor Vehicle - Running Exp (Ranger)	2,302.96	2,698.27
Open Day/Farmers Night Exp.	500.01	0
Postage	5,518.64	5,528.61
Printing And Stationery	10,079.09	8,335.84
Printer/Copier Rental	2,303.16	2,303.16
Project Funding Expenses	15,181.09	36,538.23
Project Management	2,012.50	0
Rates & Taxes-215 Myrtle St	6,751.96	5,955.60
Rates & Taxes-231 Myrtle St	3,909.48	3,068.25
Repairs & Maintenance - Plant	1,288.39	2,822.62

Tobacco & Associated Farmers Co-operative Ltd Annual Report 2019-2020

<u>Detailed Profit and Loss Statement</u>	2018-2019	2019-2020
Repairs & Maint.-215 Myrtle St	7,953.89	13,134.83
Repairs & Maint.-231 Myrtle St	1,215.36	1,164.58
Replacements	33,685.52	51,863.64
Security	2,902.94	2,504.93
Seminars & Conferences	501.72	0
Signwriting	350.40	430
Special Write Off Building	12,029.00	12,116.00
Subscriptions	453.74	280.45
Superannuation - Staff	58,221.98	62,919.67
Staff Bonus (Profit Sharing)	4,999.92	0
Staff Training	2,353.64	140.91
Telephone	12,545.10	14,274.27
Trainee Payments	1,200.00	2,400.00
Travelling & Accommodation	3,864.14	1,828.90
Travelling & Accommodation-VFF	1,354.83	190.91
Truck - Fuel	11,316.81	11,725.88
Truck - Running Costs	2,747.60	11,590.97
Uniforms	1,950.31	1,715.82
Utility - Fuel (Mitsubishi)	2,171.88	2,121.86
Utility - Running Exp (Mitsubishi)	1,847.36	1,394.90
Utility - Fuel (Ford)	2,517.75	2,203.03
Utility Running Exp (Ford)	1,531.87	2,217.61
Wages	392,808.33	392,047.88
Web Page Setup & Maintenance	522.27	3,190.00
Workcover	6,110.70	7,609.05
Total Expenses	\$764,075.10	\$840,187.58
Net Profit / (Loss)	\$384,826.74	\$790,496.63

Detailed Balance Sheet**2018-2019****2019-2020**

Current Assets		
Cash on Hand	800.00	800.00
Petty Cash	200.00	200.00
Trade Debtors	186,060.74	156,323.56
Less: Provision Doubtful Debts	(18,060.00)	(15,632.00)
Other Debtors	0.00	0.00
A.N.Z. Term Deposit	295,379.38	300,129.38
Bendigo Bank Term Deposit		10,000.00
Business Online Saver Account	331,699.20	82,164.57
A.N.Z. Account 47723-Chq. A/C	250,060.67	391,973.68
Inventory	781,738.79	866,748.61
Shares -Elders		788,435.16
Shares - Incitec Pivot	13,845.00	7,612.50
Shares - A.I.R.R.	733,754.00	0
Shares – TAFCO Rapidfert @ cost		675,000.00
Loan A/C-Members re GST	15,245.07	(7,932.37)
Less:Provision for Ammort.	(15,000.00)	(17,500.00)
Total Current Assets	2,575,722.85	3,238,323.09
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	471,139.27	476,889.27
Less:Accum. Write-Off	(218,209.00)	(230,325.00)
Build. 231 Myrtle-Shed Part.	4,250.00	4,250.00
Plant & Equipment @ Cost	353,423.54	368,641.18
Less: Accumulated Depreciation	(238,907.00)	(228,733.00)
Land 215 Myrtle St @ Dir. Val.	213,000.00	213,000.00
Total Fixed Assets	948,696.81	967,722.45
Intangible Assets		
Goodwill @ Cost Ex M.G.	50,000.00	50,000.00
Total Intangible Assets	50,000.00	50,000.00
Total All Assets	\$3,574,419.66	\$4,256,045.54
Current Liabilities		
Prepaid Income	15,125.00	6,751.27
Provision for Income Tax	(1,420.48)	49,750.16
Trade Creditors	510,727.65	587,715.88
Accrued Creditors	10,786.39	(38,001.96)
Other Creditors	0.00	
Provision for Annual Leave	16,429.00	31,190.00
Provision for Long Service	75,293.00	84,579.00
Prov. for Staff Profit Sharing	(0.08)	0
Total Current Liabilities	626,940.48	721,985.25
Long Term Liabilities		
Suspense Account-Clearing	14,746.00	(8,952.00)
Total Long Term Liabilities	14,746.00	(8,952.00)
Total All Liabilities	\$641,686.48	713,033.25
Net Worth	\$2,932,733.18	\$3,543,012.29

Tobacco & Associated Farmers Co-operative Ltd Annual Report 2019-2020

<u>Detailed Balance Sheet</u>	<u>2018-2019</u>	<u>2019-2020</u>
Equity		
Income Tax Expense	(45,252.30)	(193,791.07)
Members Rebate	(183,346.17)	(223,087.80)
Members Dividend	(23,866.00)	(23,530.16)
Transfer General Reserve	(16,959.00)	(29,835.00)
Under Provision Income Tax	0.00	0
Long Service Leave	(5,796.00)	(9,286.00)
Annual Leave	(1,253.00)	(14,761.00)
Bonus Share Issue	0.00	
Ordinary Shares - Fully Paid	596,400.00	587,754.00
Retained Profits/Losses	(1,041,301.34)	(1,317,773.81)
Capital Profit Reserve	41,170.15	697,306.94
General Reserve	256,638.00	286,473.00
Asset Revaluation Reserve	1,111,163.07	747,910.79
Profit & Loss Brought Forward	2,245,135.77	3,035,632.40
	0.00	
<i>Total Equity</i>	<i>2,932,733.18</i>	<i>\$3,543,012.29</i>
Total All Equity	<u>\$2,932,733.18</u>	<u>\$3,543,012.29</u>

Notes to the Financial Statements:

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent 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 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 members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accrual 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 (income) 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) Loans and Receivables

Trade receivables are recognised initially at cost and are subsequently measured at cost less any provision for impairment. Most sales are made on the basis of normal credit terms and are not subject to interest. Where credit is extended beyond normal credit terms and is more than 12 months, receivables are discounted to their present value. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables include loans granted by the company and are discounted to present values using the interest rate inherent in the loan.

(c) Intangible Assets

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.

Goodwill is subsequently measured at cost less any impairment losses.

Goodwill is subject to impairment testing when there is objective evidence the business has been impaired. Impairment losses are calculated based on the directors' assessment of the business's recoverable amount. Recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amount.

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

(d) Impairment of Assets

At the end of each reporting period, property, plant and equipment, intangible assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of the asset's future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to the estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

(e) 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. Trade and other payables are subject to normal credit terms (30–60 days) and do not bear interest.

(f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the provisions.

(g) 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 the end of the reporting period.

(h) 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.

(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 Australian Taxation Office (ATO). 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.

Note 2: Contributed Capital	2020	2019
587,754 Ordinary shares at \$1.00 each fully paid	\$587,754.00	\$596,400.00

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

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

Note 3: Covid-19 (Coronavirus) – (after balance day events)

Due to COVID-19 significant change in asset values may occur after the balance date and may impact on the future income.

Due to the rapid and ongoing changes, the extent of any decline cannot be determined at this time.

Independent Auditors Report

Tobacco and Associated Farmers Co-operative Limited

To the members,

In my/our opinion:

1. The accompanying financial report is properly drawn up in accordance with the provisions of the *Co-operatives National Law (Victoria)*, including:
 - a. giving a true and fair view of:
 - i. the state of affairs of the co-operative at 30th of June 2020 and of the results and cash flows of the co-operative for the period/year ended on that date; and
 - ii. the other matters required by Section 283 of the *Co-operatives National Law (Victoria)* 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 the *Co-operatives National Law (Victoria)*.
3. I have been given all information, explanations and assistance necessary for the conduct of the audit.

Dated at MYRTLEFORD this 29th day of September 2020



..... (Signed)

SAM P MAROTTA - PostGRAD (Acctg); Fellow NTAA; Fellow NTAA *Plus*; RTA; JP

REGISTERED COMPANY AUDITOR Reg No: 8799

Telephone: 03-57511411

Auditor's Independence Declaration

Auditor's Independence Declaration under Section 283 of Co-operatives National Law (Victoria) and Section 307C of the *Corporations Act 2001*

To: The Directors of Tobacco and Associated Farmers Co-operative Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of the financial year ended 30th of June 2020, there have been no contraventions of:

1. the auditor independence requirements as set out in the Co-operatives National Law (Victoria) in relation to the audit; and
2. any applicable code of professional conduct in relation to the audit.

Dated at MYRTLEFORD this 29th day of September 2020



..... (Signed)

SAM P MAROTTA - PostGRAD (Acctg); Fellow NTAA; Fellow NTAA *Plus*; 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 23rd November 2020

(*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 Farmer's 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 Farmer's 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 Farmer's Co-operative,
P.O. Box 277
MYRTLEFORD. 3737.