



**TAFCO**

**TAFCO**  
RURAL SUPPLIES

ANNUAL REPORT  
to MEMBERS  
2009-2010

*Primary Producer Proud*

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

**BOARD OF DIRECTORS:**

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

**Observer Directors:**

Mr. Guido COSSIGNANI  
Mr. Dan IVONE

**SECRETARY:**

Ms. Kerry MURPHY

**MERCHANDISING MANAGER:**

Mr. Tony VACCARO

**STAFF:**

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

**AUDITOR:**                      Mr. Sam MAROTTA

**ACCOUNTANTS:**              ALPINE TAX

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

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**NOTICE TO MEMBERS.**

**NOTICE** IS HEREBY GIVEN OF THE 24<sup>th</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 25<sup>th</sup> NOVEMBER 2010 commencing at 5.00p.m

**BUSINESS:**

1. Attendance & Apologies
2. Confirmation of the Minutes of the 23<sup>rd</sup> Annual General Meeting held on Thursday 11<sup>th</sup> February, 2010
3. Business Arising
4. Chairman's Report
5. Managers Report
6. Receiving & Adopting of the: (a) Profit & Loss Statement  
(b) Balance Sheet  
(c) Directors Statement (Declaration)  
(d) Auditors Report
7. Appointment of Directors: By rotation, the following Directors retire: Allan McGuffie and Angelo Grassi and are available for re-election  
*(Additional nomination forms on last page of report)*
8. Ratification of Rates of Dividend, Bonus & Rebates.  
At the Directors meeting held on the 2<sup>nd</sup> June 2010 a motion was carried issuing a 7% dividend to members and a 3% rebate on members trading 01.04.09 to 31.03.10 be paid as a credit on members accounts.
9. Directors Fees - Ratification  
At the Directors Meeting held on the 24<sup>th</sup> June 2009, a motion was carried that the Chairman's Annual Allowance remain at \$8,000 per annum and the Directors Sitting Fee- Day Allowance be increased to \$150 per day for ratification at AGM.  
**Directors have reviewed and allowance and fees remain unchanged.**

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

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

**MINUTES OF THE 23<sup>rd</sup> ANNUAL GENERAL MEETING OF THE TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED, HELD ON THE 11<sup>th</sup> FEBRUARY 2010 AT TAFCO RURAL SUPPLIES MYRTLEFORD WHICH COMMENCED AT 5.10p.m.**

**PRESENT:**

C.McCormack, A.McGuffie, L.Campbell, J.Carroll, G.Cossignani, P.Dalbosco, A.Grassi, D.Ivone, J.LaSpina, N.Mautone, W.Sartori, T.Vaccaro & K.Murphy

**APOLOGIES:** none

**MINUTES:**

Moved J.Carroll/A.McGuffie that the Minutes of the 22<sup>nd</sup> Annual General Meeting, held on Thursday 12<sup>th</sup> February 2009 be confirmed.

CARRIED.

**BUSINESS ARISING:** Nil

**CHAIRMAN'S REPORT:**

The Chairman tabled his written report and thanked Directors and staff for their support over the past 20 years and urged them to continue to think outside the square and continue ways of improving the co-operative.

Moved C.McCormack/N.Mautone that the Chairman's Report be received.

CARRIED.

**MANAGERS REPORT:**

The Manager reported on another healthy years trade and thanked the Board and staff.

Moved N.Mautone/L.Campbell that the Managers report be received.

CARRIED.

**FINANCIAL REPORTS:**

Moved P.Dalbosco/N.Mautone 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:

Colin McCormack and Joe LaSpina. Julie Carroll is also retiring.

Moved J. Carroll/A.McGuffie that J.LaSpina, L.Campbell and W.Sartori be appointed as Directors for a 3 year term.

CARRIED.

Dan Ivone and Guido Cossignani were welcomed as Observer Directors to the Board

Allan McGuffie thanked Colin McCormack and Julie Carroll for their contributions to the Co-operative. Both were founding Directors and have served on the Board since 1987.

**RATIFICATION OF RATES & DIVIDEND:**

Moved J.LaSpina/W.Sartori ratified that a 3% rebate on members trading as at the 31st of March 2009 and a 7.5% dividend on shares was made to members as a credit on their account.

CARRIED.

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

**DIRECTORS FEES:**

Moved D.Ivone/G.Cossignani that an annual Chairman's Allowance of \$8,000 and Directors Day Allowance of \$150 be ratified.

CARRIED.

**GENERAL BUSINESS:** none

Members were thanked for their attendance and the meeting closed.

**MEETING CLOSED:** 5.16p.m.

.....  
Chairman dated

**CHAIRMANS REPORT.**

With the New Year came the new Board of Directors. We once again thank Colin McCormack and Julie Carroll for their years of service and welcome new board members Walter Sartori and Lachlan Campbell and two new observer directors in Guido Cossignani and Dan Ivone. The introduction over 12 years ago of the observer director has allowed the smooth transition of members becoming directors. We encourage all interested members to nominate for these positions as they become available and contribute to the ongoing success of the co-op.

Over the course of the year TAFCO has upgraded the computer system to allow improved financial and stock control through an integrated point of sale software.

Staff and Directors have continued to upgrade their skills, with one of our sessions involving Co-operatives Finance and Governance. Among other things it highlighted the need for strict controls on cash flow and overdue accounts. The directors have given the Manager strict guidelines to adhere to so as to reduce the risk of bad debt. The board is well aware of the challenges that are facing our members and how to best service your needs and are constantly looking for ways to make TAFCO more efficient. Any member who wishes to speak to Tony about their trading position will find his door is always open.

TAFCO has been identified by the new Alpine Valleys Agrifood group (Alpine Shire and Rural City of Wangaratta driven) as a possible vehicle which could be the central body to market and co-ordinate the next move into alternative crops. We are currently liaising with consultants McKinna et al on that; investigating its merits and will keep members fully updated.

The continuing valuable work done by Gary Baxter under the banner of *Smartchoice* is paving the way for the next move into agriculture. Whether it be berries, fruit or fodder or the 100,s of other ideas members come up with they continue to seek out Gary. He sources the most up to date information so growers can make the most informed decision, and even going so far as to get translations from a foreign language into English, of information that was needed on a certain crop.

TAFCO is entering it's final year of the project which will finish on 30<sup>th</sup> June 2011.

Membership continues to rise which is partly due to a new marketing direction in putting Ben Nicoll on the road on a trial basis for 2 years, to drum up new business and better service existing members.

Just when we were all gaining a bit more confidence to get back and do more on the land, along comes the Murray Darling Basin Authority proposed plan on water use and improved outcomes for the environment. We attended the information meeting in Albury and personally invited the authority to visit this region to fully understand the way we efficiently use this most valuable resource. The use of water in these valleys is the fabric that holds us together and will drive this region to become a major producer of both food and fibre into the future. TAFCO is taking a leadership role in co-ordinating this push to get the authority to visit this region, utilizing our established networks developed over the years.

A significant project undertaken by TAFCO this year was the development of a network of regional weather stations. Members and anyone with internet access can now gain up to date localized weather data via our website. [www.tafco.com.au](http://www.tafco.com.au)

This project was a major undertaking which successfully attracted partnerships with a range of organizations and was launched at a breakfast in May this year.

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

With the launch of the weather stations that are dotted around the region it has allowed our members to better plan and understand what is happening around us. A bonus to their introduction is the amount of data that can be provided to those industries who are planning to relocate to this region where weather plays an important role to that crops success . Those outside the region who don't have this state of the art technology are extremely envious of our constant ability to attract funds to keep up with the ever changing world.

The health scare which Tony experienced earlier in the year brought home to the Board how important team work and having a sound business operational system is in the smooth running of the co-op. Thank you to all the staff for the professionalism and dedication which they show day to day but which stood out when the captain of the team was on the bench. The whole staff including Tony, Kerry, Glenn, Ben, Nick and Tony along with Gary are the reason TAFCO is held in such high regard in this industry.


What stands us apart at TAFCO is the level of training that is offered to our members. From FreshCare accreditation, chemical users courses, Truck and forklift licensing we must thank Kerry for her co-ordination and diligence in aiming at meeting our members needs.

Thank you to all the directors for their support during a time of transition on the board. New responsibilities have been taken up through the introduction of discussion points on our meeting agendas which include:

- Water
- Finance & Governance
- Marketing
- Special Projects

Board members have accepted additional responsibilities in these key areas which enable us as a Board to keep in touch with our members issues and needs which we believe make us stronger as a business.

I wish all members good luck for a successful season given all the challenges that a wet spring can bring.



Allan McGuffie  
CHAIRMAN OF DIRECTORS.

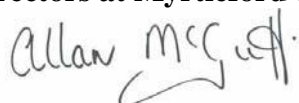
**TOBACCO & ASSOCIATED FARMERS CO-OP LTD**  
**Trading as TAFCO RURAL SUPPLIES**

**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 2010:-

- (a) The names of the directors in Office for the period of this Report 01.07.09 to 30.06.10 are; Allan McGuffie , Joe LaSpina, Lachlan Campbell, Paul Dalbosco, Angelo Grassi, Nino Mautone & Walter Sartori and are listed on the first page of the Annual Report.
- (b) The principal activity of the co-operative is to provide a retail outlet for agricultural products and Merchandise. There were no significant changes in the nature of these activities during the year.
- (c) The net amount of profit and loss of the Co-operative for the Financial year ended 30th June 2010, after provisions for income tax was a profit of \$155,377.92
- (d) A total of 612,968 fully paid Shares at \$1.00 each are Registered fully paid Shares.
- (e) The Directors recommended a 7% dividend (\$42,907.76) & a 3% rebate on trading (\$82,007.92) which was paid on the 30<sup>th</sup> June 2010.
- (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 6<sup>th</sup> October 2010**



**ALLAN McGUFFIE**  
Chairman

**Joe LaSPINA**  
Deputy Chairman



**DIRECTORS DECLARATION:**

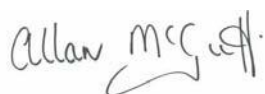
In accordance with a resolution of the Board of Directors we, ALLAN McGUFFIE and JOE LaSPINA being two Directors of the Tobacco & Associated Farmers Co-operative Limited, state on behalf of and in accordance with a resolution of the Directors, that, the Directors have determined that the co-operative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

The Directors of the co-operative declare that:

1. The accompanying Financial Statements and notes for the financial year 1st July, 2009 to 30th June 2010, 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, 2009 to 30th June, 2010; 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 6<sup>th</sup> October 2010

ON BEHALF OF THE BOARD.



ALLAN McGUFFIE

JOE LaSPINA

Trading as TAFCO RURAL SUPPLIES

Detailed Profit and Loss Statement

For the year ended 30 June 2010

	2010 \$	2009 \$
<b>Trading Income</b>		
Sales	3,327,082.65	3,313,131.86
<b>Total Trading Income</b>	<b>3,327,082.65</b>	<b>3,313,131.86</b>
<b>Cost of Sales</b>		
<b>Add:</b>		
Opening stock	341,557.62	475,169.50
Purchases	2,949,532.01	2,714,172.93
Freight	35,859.95	26,898.33
Discount Given to Customers	239.49	345.47
	3,327,189.07	3,216,586.23
<b>Less:</b>		
Closing Stock	433,375.16	341,557.62
	433,375.16	341,557.62
<b>Cost of Sales</b>	<b>2,893,813.91</b>	<b>2,875,028.61</b>
<b>Gross Profit from Trading</b>	<b>433,268.74</b>	<b>438,103.25</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 2010**

	2010	2009
	\$	\$
<b>Income</b>		
Trading profit	433,268.74	438,103.25
Commissions received	524.80	1,194.91
Dividends received	14,829.15	8,365.31
Training Income	16,524.00	13,351.80
Insurance Recoveries	5,203.98	
Interest received	11,218.81	3,223.48
Interest Received - Debtors	10,504.32	9,754.16
Reimbursement Wages	2,425.15	2,284.00
Other income	34.05	
Profit/Loss on sale of assets	620.46	1,732.09
Project funding income	184,125.56	128,621.99
Rebate - Fuel	1,179.85	1,023.26
Rebates-Merchandise	100,598.05	83,848.43
VFF Rebates	19,618.45	
Rent received	20,323.30	9,660.00
Total income	820,998.67	701,162.68
<b>Expenses</b>		
Accountancy	2,271.45	2,042.75
Advertising and promotion	10,680.29	8,430.56
Amenities	1,229.06	1,040.61
Amortisation Preliminary Expenses	5.50	873.00
Amortisation Goodwill		750.00
Audit fees	8,435.75	8,863.50
Bad debts	6,564.54	
Bank fees and charges	8,631.07	6,407.05
Chairmans allowance	8,003.00	7,517.00
Cleaning/rubbish removal	6,586.48	6,616.37
Computer Installation & Training	4,248.00	230.00
Depreciation - plant	13,573.00	9,309.00
Special - Building W/off	10,195.00	9,432.00
Directors expenses	4,400.00	3,200.00
Donations	(120.00)	220.00
Doubtful debts	(6,371.00)	10,184.00
Electricity & Heating - 215 Myrtle St	3,820.40	3,575.27
Electricity & Heating - 231 Myrtle St	298.88	
Entertainment	1,361.13	1,467.86
Entertainment - Project funding	3,609.69	1,274.29
Farmer Training Courses	12,673.70	12,446.70
Fringe benefits tax	3,072.27	2,799.30
Insurance	12,122.94	13,390.05
Interest - Overdraft	1,692.96	3,521.61

**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 2010**

	2010	2009
	\$	\$
Lease Forklift		6,445.33
Legal fees	27.55	
Licences & registrations	294.30	672.13
Members Fees - AIRR	5,000.00	5,000.00
M/V car - Fuel & oil	5,029.41	4,777.78
M/V car - Lease	12,612.21	11,822.52
M/V car - Running Expense	2,309.60	2,278.54
M/V Truck - Fuel & oil	6,652.77	6,623.97
M/V Truck - Running Expense	4,057.43	1,588.66
M/V Utility - Fuel & oil	3,940.22	1,891.66
M/V Utility - Lease	4,523.88	3,769.90
M/V Utility - Running Expense	(222.04)	297.77
Postage	13.50	1,409.56
Printing & stationery	8,311.68	7,742.92
Project funding expenses	121,889.70	82,580.17
Rates & land taxes-215 Myrtle Street	4,503.61	3,612.05
Rates & Taxes-231 Myrtle Street	1,958.75	1,531.06
Repairs & maintenance	2,612.49	1,544.09
Repairs & Maintenance-215 Myrtle Street	2,808.13	2,416.60
Repairs & Maintenance.-231 Myrtle Street	40.00	230.80
Repairs & maintenance Forklift	3,256.54	2,308.63
Replacements	889.07	307.27
Security	1,670.00	2,359.50
Seminars	300.00	348.18
Staff training	1,444.79	933.64
Subscriptions	1,153.09	700.00
Superannuation	24,140.19	20,249.10
Telephone	13,455.27	13,687.04
Travel, accom & conference	206.14	942.23
Travel, accom & Conf - VFF	483.64	1,216.47
Uniforms	1,046.82	897.68
Wages	246,909.30	213,581.00
Wages - Project funding	51,912.85	44,238.75
Web Page Setup & Maintenance	468.18	538.18
WorkCover	2,479.77	2,333.64
Total expenses	653,162.95	564,467.74
<b>Profit from Ordinary Activities before income tax</b>	<b>167,835.72</b>	<b>136,694.94</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 2010**

	2010	2009
	\$	\$
Operating profit before income tax	167,835.72	136,694.94
Income tax attributable to operating profit (loss)	12,457.80	9,082.00
<b>Operating profit after income tax</b>	<b>155,377.92</b>	<b>127,612.94</b>
Retained profits at the beginning of the financial year	312,612.46	311,171.72
Over-provision of tax	3,264.00	
Total available for appropriation	471,254.38	438,784.66
Dividends provided for or paid	42,907.76	45,729.74
Aggregate of amounts transferred to reserves	20,571.00	5,201.00
Other appropriations	82,007.92	75,241.46
	145,486.68	126,172.20
<b>Retained profits at the end of the financial year</b>	<b>325,767.70</b>	<b>312,612.46</b>

**TOBACCO & ASSOCIATED FARMERS CO-OP LTD ABN 13 065 910 642**  
**Trading as TAFCO RURAL SUPPLIES**  
**Detailed Balance Sheet As At 30 June 2010**

**Current Assets**

**Cash Assets**

ANZ Cash management account	14,295.44	14,284.88
ANZ Term Deposit	261,193.25	250,000.00
Cash on hand	600.00	300.00
Petty cash	200.00	200.00
	276,288.69	264,784.88

**Receivables**

Trade debtors	159,259.33	222,966.35
Other Trade Debtors	50,293.67	43,133.04
Less: Provision doubtful debts	(15,926.00)	(22,297.00)
	193,627.00	243,802.39

**Inventories**

Stock on hand	433,375.16	341,557.62
	433,375.16	341,557.62

**Other Financial Assets**

Shares Listed - Incitec Pivit	11,084.00	9,663.00
Shares Unlisted - A.I.R.R.	138,567.00	111,598.00
	149,651.00	121,261.00

**Other**

Prepaid Expenses		228.00
		228.00

<b>Total Current Assets</b>	<b>1,052,941.85</b>	<b>971,633.89</b>
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**Non-Current Assets**

**Property, Plant and Equipment**

Land @ Cost - 215 Myrtle Street	62,000.00	62,000.00
Land @ Cost - 231 Myrtle Street	34,596.50	34,596.50
Buildings 231 Myrtle St @ Dir. Valuation	160,000.00	160,000.00
Buildings - at cost	382,745.93	382,745.93
Buildings 231 Myrtle St - Shed Part.	4,250.00	4,250.00
Less: Accumulated Write Off	(110,330.00)	(100,135.00)
Plant & equip - at cost	157,218.83	123,905.10
Less: Accumulated depreciation	(83,884.00)	(70,889.00)
	606,597.26	596,473.53

**Intangible Assets**

Goodwill	15,000.00	15,000.00
Less: Accumulated amortisation	(15,000.00)	(15,000.00)

**Other**

Preliminary expenses	17,465.50	17,465.50
Less: Accumulated amortisation	(17,465.50)	(17,460.00)
		5.50

<b>Total Non-Current Assets</b>	<b>606,597.26</b>	<b>596,479.03</b>
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<b>Total Assets</b>	<b>1,659,539.11</b>	<b>1,568,112.92</b>
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**TOBACCO & ASSOCIATED FARMERS CO-OP LTD ABN 13 065 910 642**  
**Trading as TAFCO RURAL SUPPLIES**  
**Detailed Balance Sheet As At 30 June 2010**

**Current Liabilities**

**Payables**

**Unsecured:**

Trade creditors	167,468.22	241,677.44
	167,468.22	241,677.44

**Financial Liabilities**

**Unsecured:**

ANZ Chq A/c 47723	97,838.99	1,178.15
	97,838.99	1,178.15

**Current Tax Liabilities**

GST Clearing Account	10,171.61	2,864.00
Provision Income Tax	(14,800.72)	(4,378.89)
	(4,629.11)	(1,514.89)

**Provisions**

Provision - Long Service Leave	30,014.00	24,473.00
Provision - Annual Leave	22,795.00	15,534.00
	52,809.00	40,007.00

**Other**

Prepaid Income - DPI	10,000.00	
	10,000.00	

<b>Total Current Liabilities</b>	<b>323,487.10</b>	<b>281,347.70</b>
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**Non-Current Liabilities**

**Financial Liabilities**

**Unsecured:**

Loan Account - Members re GST	3,327.59	6,356.04
	3,327.59	6,356.04

<b>Total Non-Current Liabilities</b>	<b>3,327.59</b>	<b>6,356.04</b>
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<b>Total Liabilities</b>	<b>326,814.69</b>	<b>287,703.74</b>
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<b>Net Assets</b>	<b>1,332,724.42</b>	<b>1,280,409.18</b>
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**Equity**

**Issued Capital**

612968 Ordinary Shares Of \$1	612,968.00	609,967.00
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**Reserves**

Capital profit reserve	41,170.15	41,170.15
General Reserve	159,971.00	152,202.00
Asset Revaluation Reserve	192,847.57	164,457.57
Retained profits / (accumulated losses)	325,767.70	312,612.46

<b>Total Equity</b>	<b>1,332,724.42</b>	<b>1,280,409.18</b>
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**TOBACCO & ASSOCIATED FARMERS CO-OP LTD ABN 13 065 910 642**  
**Trading as TAFCO RURAL SUPPLIES**  
**Detailed Balance Sheet As At 30 June 2010**

**Cash Flow Statement**  
**For the year ended 30 June, 2010**

	2010	2009
	\$	\$
<b>Cash Flow From Operating Activities</b>		
Operating profit (loss) after tax	155,377.92	127,612.94
(Profit) Loss on sale of plant & equipment	-620.46	-1732.09
Depreciation/BWOA	23,768.00	18,741.00
Amortisation	5.50	1,623.00
Income Tax Paid	-12,457.80	-9,081.90
(Increase) decrease in trade debtors	63,707.02	19,289.26
(Increase) decrease in other debtors	-7,160.63	8,060.39
(Increase) decrease in finished goods	-91,817.54	133,611.88
(Increase) decrease in prepayments	-10,000.00	-21,715.00
Increase (decrease) in GST clearing	7,307.61	-2,092.00
Increase (decrease) in Doubtful debts provision	-6,371.00	10,184.00
Increase (decrease) in employee entitlements	12,802.00	-1,180.00
Increase (decrease) in provision for income tax	10,421.83	-13,080.59
Increase (decrease) in trade creditors and accruals	-74,209.22	510.62
Increase (decrease) in other creditors	0.00	0.00
<i>Net cash provided by (used in) operating activities</i>	<b>70,753.23</b>	<b>270,751.51</b>
<b>Cash Flow From Investing Activities</b>		
(Increase) decrease in plant & equipment	-33,313.73	-5,343.65
(Increase) decrease in loans to shareholders	3,028.45	10,070.45
(Increase) decrease in Loans - other A.I.R.R.	0.00	0.00
(Increase) decrease in Shares - other Companies	-28390.00	16294.00
Increase (decrease) in other reserves	27943.70	-24448.01
<i>Net cash provided by (used in) investing activities</i>	<b>-30,731.58</b>	<b>-3,427.21</b>

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

**Cash Flow From Financing Activities**

Increase (decrease) in provision for dividends	-42,907.76	-45,729.74
Proceeds of issue of shares	3,001.00	3,587.00
Increase (decrease) members rebate	-82,007.92	-75,241.46
Increase (decrease) bonus shares	0.00	0.00
Increase (decrease) Prior Year Adjustments	-3,264.00	0.00



**TOBACCO & ASSOCIATED FARMERS CO-OP LTD ABN 13 065 910 642**  
**Trading as TAFCO RURAL SUPPLIES**  
**Detailed Balance Sheet As At 30 June 2010**

Proceeds of borrowings	0.00	0.00
<i>Net cash provided by (used in) financing activities</i>	<u>-125,178.68</u>	<u>-117,384.20</u>
 Net increase (decrease) in cash held	 -85,157.03	 149,940.10
 Cash at the beginning of the year	 263,606.73	 113,666.63
 Cash at the end of the year (Note 1.)	 <u>178,449.70</u>	 <u>263,606.73</u>

**Note 1. Reconciliation Of Cash**

ANZ Chq A/c 47723	-97,838.99	-1,178.15
ANZ Cash management account	14,295.44	14,284.88
ANZ Term Deposit	261,193.25	250,000.00
Cash on hand	600.00	300.00
Petty cash	200.00	200.00
	<u>178,449.70</u>	<u>263,606.73</u>

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

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

**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 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	42,907.76	45,729.74
	<b>42,907.76</b>	<b>45,729.74</b>

**Note 3: Cash assets**

Bank accounts:

ANZ Cash management account	14,295.44	14,284.88
ANZ Term Deposit	261,193.25	250,000.00

Other cash items:

Cash on hand	600.00	300.00
Petty cash	200.00	200.00
	<b>276,288.69</b>	<b>264,784.88</b>

**Note 4: Receivables**

**Current**

Trade debtors	209,553.00	266,099.39
Provision for doubtful debts	(15,926.00)	(22,297.00)
	193,627.00	243,802.39
	<b>193,627.00</b>	<b>243,802.39</b>

**Note 5: Inventories**

**Current**

Finished goods at cost	433,375.16	341,557.62
	<b>433,375.16</b>	<b>341,557.62</b>

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

**Note 6: Other Financial Assets**

**Current**

Shares in other corporations - at cost:

- Listed on a prescribed stock exchange	11,084.00	9,663.00
- Unlisted	138,567.00	111,598.00
- Less: Provision for diminution		
	149,651.00	121,261.00
	<b>149,651.00</b>	<b>121,261.00</b>

**Note 7: Other Assets**

**Current**

Prepayments		228.00
		<b>228.00</b>

**Non Current**

Preliminary expenses	17,465.50	17,465.50
Less: accumulated amortisation	(17,465.50)	(17,460.00)
		<b>5.50</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	386,995.93	386,995.93
- Less: Accumulated depreciation	(110,330.00)	(100,135.00)
	276,665.93	286,860.93

Plant and equipment:

- At cost	157,218.83	123,905.10
- Less: Accumulated depreciation	(83,884.00)	(70,889.00)
	73,334.83	53,016.10
	<b>606,597.26</b>	<b>596,473.53</b>

**Note 9: Intangible Assets**

Goodwill:

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

**Note 10: Payables**

Unsecured:

- Trade creditors	167,468.22	241,677.44
	167,468.22	241,677.44
	<b>167,468.22</b>	<b>241,677.44</b>

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

**Note 11: Provisions**

**Current**

Employee entitlements*	52,809.00	40,007.00
	<b>52,809.00</b>	<b>40,007.00</b>
* Aggregate employee entitlements liability	52,809.00	40,007.00

There were 7 employees at the end of the year

**Note 12: Contributed Capital**

**612968 Ordinary shares at \$1.00 each fully paid**

<b>612,968.00</b>	<b>609,967.00</b>
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Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

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

**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

12,403.00

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:

ALLAN McGUFFIE  
JOE LASPINA  
PAUL DALBOSCO  
ANGELO GRASSI  
WALTER SARTORI  
ANTONIO MAUTONE  
LACHLAN CAMPBELL

**Note 14: Contingent Liabilities**

Estimates of material amounts of contingent liabilities, not provided for in the accounts, arising from:  
NONE

**Note 15: Events Subsequent to Reporting Date**

Since the end of the financial year [NONE].

The financial effects of the above have not been brought to account in the accounts at 30 June 201


## **AUDITORS REPORT**

To the members,

In my opinion:

1. The accompanying Financial Statements, being Profit and Loss Account, Balance Sheet, Cash Flows Statement and notes to the accounts are properly drawn up in accordance with the provisions of the *Co-operatives Act 1996*, including:
  - a) giving a true and fair view of:
    - (i) The state of affairs of the Co-operative at the 30<sup>th</sup> June 2010 and of the results and cash flows of the Co-operative for the year ended on that date; and
    - (ii) The other matters required by Section 238 of the *Co-operatives Act 1996* to be dealt with in the financial statements; and
  - b) complying with applicable Accounting Standards and other mandatory professional reporting requirements
  
2. The accounting records and other records, and the registers required by the Act to be kept by the Co-operative have been properly kept in accordance with the provisions of that Act.
  
3. I have been given all information, explanations and assistance necessary for the conduct of the audit.

Dated at MYRTLEFORD this 27<sup>th</sup> day of September 2010

  
Full Name SAM P. MAROTTA GD(acctg);Fellow NTAA;RTA;JP

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

**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 22<sup>nd</sup> NOVEMBER 2010**

(\*\*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 22<sup>nd</sup> November 2010**