



Australian Grain Growers Co-operative Ltd and Controlled Entities

ABN: 33 719 186 591

Financial Report

For the Year Ended 30 June 2017

Contents

For the Year Ended 30 June 2017

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Directors' Report

30 June 2017

The directors present their report on Australian Grain Growers Co-operative Ltd and Controlled Entities for the financial year ended 30 June 2017.

Directors

The names of each person who has been a director during the period and to the date of this report are:

Andrew Robert Barr (retired 19 July 2017)

James Colin Heaslip

Richard Bruce Konzag

Bruce James McDonald

Andrew Garth Polkinghorne

Jordan Lewis Taylor Wilksch (appointed 19 July 2017)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on directors

Andrew Robert Barr

Qualifications	B. Ag. Sc., Ph. D. (Plant Breeding and Genetics), GAICD
Experience	Member of CIMMYT Board of Trustees 2008 - 2014; Chair CIMMYT Board of Trustees 2013-2014; Previous Director of ABB Grain Ltd., 2006 - 2009. Past member of GRDC Southern Panel 2005 - 2011, former member of Malting Barley Quality Improvement Program Steering Committee 1994 - 2003; Technical and Market development trips to study the grains industry in Europe, Ukraine, China, Japan, USA, Canada, South Africa, Middle East. SARDI Oat Breeder and Principal Plant Breeder, 1977 -1994; University of Adelaide Barley Program Leader and Professor of Plant Breeding 1994 - 2003.
Interest in shares	200 shares

James Colin Heaslip

Qualifications	FAICD
Experience	2004 SAGIT (SA Grains Industry Trust) Trustee; 2012 SAGIT (SA Grains Industry Trust) Chairman; 2012 Chairman Southern Flinders Commodities.
Interest in shares	1354 shares

Richard Bruce Konzag

Qualifications	GAICD
Experience	Advisory Board of Agriculture 2005-2011 inc. Chair "Achieving an Informed and Supportive Government" working group. GRDC Southern Panel 2008-2015. Plant Biosecurity CRC Grains Advisory Panel 2008-2015. GPSA RD&E committee 2015- current
Interest in shares	1633 shares

Directors' Report

30 June 2017

Information on directors continued

Bruce James McDonald

Qualifications	B. Rur. Sc., AGSM programs
Experience	More than 25 years professional agribusiness and extensive grain industry experience including senior management roles with AWB, The Merino Company, Viterro and DAFWA. Key achievements in strategic planning and market development with expertise in product & program execution, marketing and general management.
Interest in shares	nil shares

Andrew Garth Polkinghorne

Qualifications	B Bus. (Agric), Dip FM (Hons)
Experience	Previous chair of Minnipa Agricultural Centre Management Committee; previous General Manager Farm Services, Roseworthy Campus, University of Adelaide.
Interest in shares	3488 shares

Jordan Lewis Taylor Wilksch

Qualifications	B. Ag. Sci., Dip. Ag. Bis.
Experience	Former chair of the Lower Eyre Agricultural Development Association (LEADA), Member of Cummins & District Enterprise Committee, Marketing and business manager for Wilksch Agriculture, Former committee member of Eyre Peninsula Agricultural Research Foundation (EPARF)
Interest in shares	1227 shares

Principal activities

The principal activities of the Co-operative during the financial year were to offer growers grain marketing programs and other marketing options during the grain marketing season.

Significant changes in the state of affairs

Revenue from cash contracting for grain purchases was nil (2016 \$6,488,806). The revised marketing programs and options are focussed on actively managed programs and services. The majority of business functions including pool management services are provided by third parties..

Operating results

The profit/(loss) of the Co-operative after providing for income tax amounted to \$ 208,857. (2016: \$ (90,013)).

Review of operations

Australian Grain Growers Co-operative Limited has a total of 578 members. In excess of 200,000 tonnes of grain was marketed through a combination of the Co-operative and its service providers from the 2016/17 harvest.

Matters or circumstances arising after the end of the year

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Co-operative, the results of those operations or the state of affairs of the Co-operative in future financial years

Directors' Report

30 June 2017

Future developments and results

Likely developments in the operations of the Co-operative and the expected results of those operations in future financial years are as follows:

The Co-operative expects to expand marketing options available in wheat, barley and other field crops during the next financial year.

Environmental matters

The Co-operative's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Dividends paid or recommended

There were no dividends paid or declared during the current financial year.

No rebate was approved for payment in the year ended 30 Jun 2017 (2016: \$Nil).

Options

No options over issued shares or interest in the Co-operative were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests.

Meetings of directors

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Andrew Robert Barr	11	11
James Colin Heaslip	11	10
Richard Bruce Konzag	11	10
Bruce James McDonald	11	11
Andrew Garth Polkinghorne	11	11
Jordan Wilksch	0	0

Indemnification and insurance of officers and auditors

During or since the end of the financial year the Co-operative has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

During the financial year the Co-operative has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Co-operative. The terms of the policy prevent the amount paid from being disclosed.

Proceedings on behalf of co-operative

No person has applied for leave of court to bring proceedings on behalf of the Co-operative or intervene in any proceedings to which the Co-operative is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings.

The Co-operative was not a party to any such proceedings during the period.

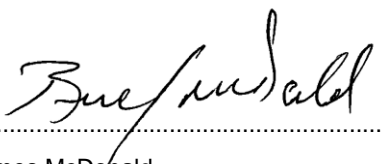
Directors' Report **30 June 2017**

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2017 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Andrew Garth Polkinghorne

Director: 
Bruce James McDonald
Dated this 4th day of September 2017

**DECLARATION OF INDEPENDENCE
BY GEOFFREY K EDWARDS
TO THE DIRECTORS OF AUSTRALIAN GRAIN GROWERS CO-OPERATIVE LIMITED**

As lead auditor of Australian Grain Growers Co-operative Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* and the *Co-operatives National Law (South Australia) Act 2013* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Grain Growers Co-operative Limited and the entities it controlled during the period.



G K Edwards
Director

BDO Audit (SA) Pty Ltd

Adelaide, 4 September 2017

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue	2	1,225,351	7,598,959
Cost of sales	3	-	(6,480,939)
Gross profit		1,225,351	1,118,020
Other operating income	2	67,897	28,428
Administrative expenses	3	(987,903)	(1,282,099)
Other expenses	3	-	(14,839)
Profit from operations		305,345	(150,490)
Finance expense	3	(7,793)	(4,429)
Finance income		9,875	27,439
Profit / (Loss) before tax		307,427	(127,480)
Tax income / (expense)	5	(98,570)	37,467
Profit / (Loss) from continuing operations		208,857	(90,013)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		208,857	(90,013)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash at bank	6	903,942	1,385,567
Trade and other receivables	7	32,703	25,968
TOTAL CURRENT ASSETS		936,645	1,411,535
NON-CURRENT ASSETS			
Plant & Equipment	8	-	4,145
Deferred tax assets	9	69,401	167,971
TOTAL NON-CURRENT ASSETS		69,401	172,116
TOTAL ASSETS		1,006,046	1,583,651
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	408,549	1,126,329
Borrowings	11	37,550	84,133
Short-term provisions	12	3,677	4,716
TOTAL CURRENT LIABILITIES		449,776	1,215,178
NON-CURRENT LIABILITIES			
Borrowings	11	69,952	156,208
Long-term provisions	12	436	48
TOTAL NON-CURRENT LIABILITIES		70,388	156,256
TOTAL LIABILITIES		520,164	1,371,434
NET ASSETS		485,882	212,217
EQUITY			
Issued capital	13	180,407	115,600
Retained earnings		305,475	96,617
TOTAL EQUITY		485,882	212,217

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2017

	Note	Issued Capital \$	Retained Earnings \$	Total \$
2016				
Balance at 1 July 2015		115,000	186,630	301,630
Profit attributable to members		-	(90,013)	(90,013)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	(90,013)	(90,013)
Transactions with owners in their capacity as owners				
Dividends provided for or paid		-	-	-
Shares issued	13	800	-	800
Shares redeemed	13	(200)	-	(200)
Growers rebates		-	-	-
Balance at 30 June 2016		115,600	96,617	212,217
2017				
Balance at 1 July 2016		115,600	96,617	212,217
Profit attributable to members		-	208,858	208,858
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	208,858	208,858
Transactions with owners in their capacity as owners				
Dividends provided for or paid		-	-	-
Shares issued	13	67,007	-	67,007
Shares redeemed	13	(2,200)	-	(2,200)
Growers rebates		-	-	-
Balance at 30 June 2017		180,407	305,475	485,882

Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		1,495,879	10,663,195
Interest received		9,876	27,439
Payments to suppliers		(1,927,688)	(17,399,893)
Interest paid		-	(4,429)
Income taxes refunded / (paid)		-	-
Net cash provided by (used by) operating activities		<u>(421,933)</u>	<u>(6,713,688)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		-	-
Sale of property, plant and equipment		-	11,421
Net cash used by investing activities		<u>-</u>	<u>11,421</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		-	600
Payments for cancellation of shares		(400)	-
Repayment of borrowings		(59,292)	-
- Grower rebates net of loans from members		-	-
Net cash used by financing activities		<u>(59,692)</u>	<u>600</u>
Net increase (decrease) in cash and cash equivalents held		(481,625)	(6,701,667)
Cash and cash equivalents at beginning of year		1,385,567	8,087,234
Cash and cash equivalents at end of financial year		<u>903,942</u>	<u>1,385,567</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

The consolidated financial report covers Australian Grain Growers Co-operative Ltd and Controlled Entities. Australian Grain Growers Co-operative is a Co-operative incorporated in South Australia and governed by the *Co-operatives National Law (South Australia) Act 2013*.

The financial report was authorised for issue on 4th September 2017 by the directors of the Co-operative.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board, the *Corporations Act 2001* and the *Co-operative National Law (South Australia) Act 2013*. The co-operative is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The amounts presented in the financial statements have been rounded to the nearest dollar amount.

2 Revenue and Other Income

	2017	2016
	\$	\$
Revenue		
- Sales of grain	-	6,485,404
- Management Fees - Managed products	1,225,351	1,113,555
	1,225,351	7,598,959
Other operating income		
- Membership Fees	-	2,727
- Brokerage commission	23,283	3,402
- Sundry income	44,614	22,299
	67,897	28,428

Revenue on sale of grain is measured at the value of the consideration received or receivable after taking into account any discounts and rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Management fees are recognised in full at the time of the first scheduled distribution for each of the managed products.

Interest is recognised using the effective interest method.

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

3 Expenses by nature

	2017 \$	2016 \$
(a) Cost of sales		
The cost of sales includes the following specific expenses:		
Grain purchases	-	5,133,787
Decrease / (Increase) in inventories	-	1,347,152
Total Cost of sales	-	6,480,939
(b) Administrative expenses		
The administrative expenses includes the following specific expenses:		
Advertising	74,613	57,367
Audit fees	12,475	15,300
Board & AGM costs	4,246	6,248
Contractors	30,630	50,668
Depreciation of property, plant & equipment	4,145	32,034
Employee benefit expenses (see note 4)	260,389	314,022
Grower meetings	9,288	1,020
Insurance	8,684	8,816
IT & communications	19,267	74,340
Legal & consulting costs	4,575	31,029
Motor vehicle costs	2,511	100
Pool management services	535,174	607,011
Postage, Printing & Stationery	5,078	1,831
Rent & occupancy costs	3,503	40,270
Subscriptions, registrations & memberships	6,084	23,778
Travel	5,933	5,860
Other items	1,308	12,405
Total Administrative expenses	987,903	1,282,099
(c) Other expenses		
Loss on disposal of property, plant & equipment	-	14,839
(d) Financial expenses		
Interest expense on financial liabilities not at fair value through profit or loss	7,793	4,429

Notes to the Financial Statements

For the Year Ended 30 June 2017

4 Employee Benefit Expense

(a) Employee benefit expenses (including directors) comprise:

	2017	2016
	\$	\$
Salaries, wages & director fees	248,146	292,219
Defined contribution superannuation payments	10,925	28,647
Payroll related taxes & levies	1,318	(6,844)
	<u>260,389</u>	<u>314,022</u>

Provision is made for the Co-operative's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

(b) Key management personnel compensation

Salaries, wages & director fees	248,146	244,759
Defined contribution superannuation payments	10,925	12,606
	<u>259,071</u>	<u>257,365</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, being the directors of the company listed on page 1.

5 Income tax expense

(a) The major components of tax expense (income) comprise:

Current tax	-	-
Deferred tax	98,570	(37,467)
	<u>98,570</u>	<u>(37,467)</u>

(b) Reconciliation of income tax to accounting profit:

Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2016: 30%)	84,542	(38,244)
Add/(Less):		
Tax effect of:		
- non-deductible expenses	30	777
- rebate payment	-	-
	<u>84,572</u>	<u>(37,467)</u>
Restatement of 1 Jul 2016 deferred tax asset balance to 27.5%	13,998	-
Income tax expense	<u>98,570</u>	<u>(37,467)</u>

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

The small business company tax rate for the 2016/17 financial year was reduced to 27.5%.

Notes to the Financial Statements

For the Year Ended 30 June 2017

5 Income tax expense continued

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

6 Cash and cash equivalents

	2017	2016
	\$	\$
Cash at bank	903,942	1,385,567

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows matches the Cash at bank in the Statement of Financial Position.

7 Trade and other receivables

CURRENT

Trade receivables	1,166	-
	1,166	-
Prepayments	4,768	8,944
Other receivables	26,769	17,024
Total current trade and other receivables	32,703	25,968

Notes to the Financial Statements

For the Year Ended 30 June 2017

7 Trade and other receivables continued

	2017	2016
	\$	\$
(a) Financial assets classified as receivables		
Trade and other receivables		
- total current	32,703	25,968

8 Property, plant and equipment

Plant & Equipment	-	4,145
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(a) Movements in Carrying Amounts

Carrying amount at the beginning of the year	4,145	97,103
Additions	-	-
Disposals / Write-offs	-	(60,924)
Depreciation expense	(4,145)	(32,034)
Carrying amount at the end of the year	-	4,145

Plant and equipment are carried at cost. All assets are depreciated over their useful lives to the Co-operative.

The depreciable amount of all plant and equipment is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease are depreciated over the shorter of the term of the lease and the assets useful life.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

9 Tax

CURRENT

Income tax refundable	-	-
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NON-CURRENT

Deferred tax assets from carried forward tax losses	45,126	146,419
Deferred tax assets from temporary differences	24,275	21,552
	69,401	167,971

10 Trade and other payables

CURRENT

Trade payables	311,817	1,060,977
Sundry payables and accrued expenses	96,732	65,352
	408,549	1,126,329

Notes to the Financial Statements

For the Year Ended 30 June 2017

10 Trade and other payables continued

	2017 \$	2016 \$
(a) Financial liabilities at amortised cost classified as trade and other payables		
- total current	408,549	1,126,329
- total non-current	-	-
Total financial liabilities at amortised cost classified as trade and other payables	<u>408,549</u>	<u>1,126,329</u>

11 Borrowings

CURRENT		
Loan - unsecured	37,550	84,133
NON-CURRENT		
Loan - unsecured	69,952	156,208

(a) Loans - unsecured

The Co-operative has borrowed funds from members for terms of 5 years. The loans have been interest free since the Annual General Meeting in September 2013.

(b) Non cash financing activity

There was an issue of shares offset by a reduction in the member loan balances of \$65,207 during the year (2016 Nil), refer note 13(a).

12 Provisions

CURRENT		
Annual leave provision	<u>3,677</u>	<u>4,716</u>
NON-CURRENT		
Long service leave provision	<u>437</u>	<u>48</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

13 Issued Capital

	2017 No.	2016 No.
180,407 fully paid ordinary shares at \$1.00 each	<u>180,407</u>	<u>115,600</u>
(2016: 115,600)		
(a) Ordinary shares		
Shares at the beginning of the year at \$1.00 each fully paid	115,600	115,000
Shares issued during the year at \$1.00 each fully paid	67,007	800
Shares withdrawn during the year at \$1.00 each fully paid	<u>(2,200)</u>	<u>(200)</u>
At the end of the year	<u>180,407</u>	<u>115,600</u>

Ordinary shares are repayable on demand in accordance with the *Co-operatives National Law (South Australia) Act 2013*. The rules of the Co-operative contain active membership provisions requiring the Co-operative to cancel a member's shares if they fail to satisfy these provisions.

Ordinary shares participate in dividends from the date of subscription as well as the proceeds of winding up of the Co-operative in proportion to the number of shares held. Right to vote attaches to membership, not shareholding. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

14 Related Parties

(a) Transactions with related parties

	2017 \$	2016 \$
The following transactions have occurred with related parties:		
- Interest paid to directors	-	-
- Dividend paid to directors	-	-
- Rebate payment to directors and their related entities	-	-
 Borrowings for directors and their related entities		
Balance at beginning of period	6,838	6,838
- Proceeds from loans from directors	-	-
- Conversion of loans to donation	(102)	-
- Conversion of loans to shares	(5,876)	-
- Repayment of loans from directors	<u>(284)</u>	<u>-</u>
Balance at end of period	<u>576</u>	<u>6,838</u>

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Notes to the Financial Statements

For the Year Ended 30 June 2017

15 Controlled Entities

	Principal place of business / Country of Incorporation	Percentage Owned (%) 2017	Percentage Owned (%) 2016
Subsidiaries:			
AGG Asset Management Pty Ltd	Australia	100	100
AGG Grain Marketing Pty Ltd	Australia	100	100

16 Parent entity

	2017	2016
	\$	\$

Statement of Financial Position

Assets		
Current assets	936,645	1,411,535
Non-current assets	69,601	172,316
Total Assets	<u>1,006,246</u>	<u>1,583,851</u>
Liabilities		
Current liabilities	449,776	1,215,178
Non-current liabilities	70,588	156,456
Total Liabilities	<u>520,364</u>	<u>1,371,634</u>
Equity		
Issued capital	180,407	115,600
Retained earnings	305,475	96,617
Total Equity	<u>485,882</u>	<u>212,217</u>

Statement of Profit or Loss and Other Comprehensive Income

Total profit or (loss) for the year	<u>208,857</u>	<u>(90,013)</u>
Total comprehensive income	<u>208,857</u>	<u>(90,013)</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

17 Financial Risk Management

The main risks Australian Grain Growers Co-operative Ltd and Controlled Entities is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Co-operative's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank loans, loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2017	2016
	\$	\$
Financial Assets		
Cash at bank	903,942	1,385,567
Trade and other receivables	32,703	25,968
Total financial assets	936,645	1,411,535
Financial Liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	408,549	1,126,329
- Borrowings	107,502	240,341
Total financial liabilities	516,051	1,366,670

18 Summary of Significant Accounting Policies

(a) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(b) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Co-operative becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Notes to the Financial Statements

For the Year Ended 30 June 2017

18 Summary of Significant Accounting Policies continued

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets. Gain or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate. Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(c) Impairment of non-financial assets

At the end of each reporting period the Co-operative determines whether there is any evidence of an impairment indicator for non-financial assets.

The recoverable amount of an asset is the higher of the fair value less costs of disposal and the value in use.

Value in use is the present value of the future cash flows expected to be derived from an asset.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(d) Comparative Amounts

Comparatives are consistent with the prior year.

Notes to the Financial Statements

For the Year Ended 30 June 2017

18 Summary of Significant Accounting Policies continued

(e) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of entities controlled by Australian Grain Growers Co-operative Ltd at the end of the reporting period. A controlled entity is any entity over which Australian Grain Growers Co-operative Ltd has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

Where controlled entities have entered or left the consolidated group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 15 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Refer to Note 1 (h) with respect to the treatment of transactions through pools administered by Australian Grain Growers Co-operative Ltd.

(f) Functional and presentation currency

The functional currency of each of Australian Grain Growers Co-operative Limited's entities is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(g) Pool transactions

During the current period a third party service provider operated grain pools on behalf of the Co-operative and its members. The Co-operative receives management fees based on a fixed fee per tonne. Revenue from the sale of pool inventory and costs specific to those pools such as marketing or freight are incurred by the third party and are not reflected in the Statement of Profit or Loss and Other Comprehensive Income nor the Statement of Cash Flows. Pool inventory is held by the third party and not recorded in the Co-operative's Statement of Financial Position.

Management fees of \$1,225,351 (2016: \$1,113,555) earned from the grain pools have been brought to account as revenue.

(h) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the co-operative.

(i) New Accounting Standards and Interpretations

The co-operative has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of these standards are assessed to have had a significant impact on the accounting policies of the co-operative. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The accounting standards which have been issued but not effective are AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 9 Financial Instruments which will be effective for the first time in the year ending 30 June 2019. The entity has not made an assessment on the likely impact of adoption of these standards.

Notes to the Financial Statements

For the Year Ended 30 June 2017

(j) Significant accounting judgements

AASB10 Consolidated Financial Statement establishes a control model that applies to all entities. The directors consider that from an accounting perspective, the Co-operative does not control the pools. The Co-operative acts as an agent and not as a principal in relation to the sale of pool products, and is remunerated on a fixed "fee for service" arrangement.

19 Contingencies

In the opinion of the Directors, the Co-operative did not have any contingencies at 30 June 2017. (30 June 2016: Nil).

20 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative in future financial years.

21 Co-operative Details

The registered office of and principal place of business of the co-operative is:

Australian Grain Growers Co-operative Ltd
Level 6, 211 Victoria Square
Adelaide, SA

Directors' Declaration

The directors of the Co-operative declare that:

1. The financial statements and notes, as set out on pages 6 to 21, are in accordance with the *Corporations Act 2001* and the *Co-operative National Law (South Australia) Act 2013* and:

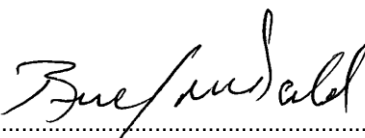
- a. comply with Accounting Standards - Reduced Disclosure Requirements; and
- b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Co-operative.

2. In the opinion of the Directors, 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director.....

Andrew Garth Polkinghorne

Director.....

Bruce James McDonald

Dated this 4th day of September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN GRAIN GROWERS CO-OPERATIVE LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Grain Growers Co-operative Ltd (the Co-operative) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001* and the *Co-operatives National Law (South Australia) Act 2013*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Co-operative, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Co-operative are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and the *Co-operatives National Law (South Australia) Act 2013* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

A stylized, handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink that appears to read 'G K Edwards'.

G K Edwards
Director

Adelaide, 6 September 2017