

Coleambally Irrigation Mutual Co-operative Limited



ABN 60 785 211 497

Registered Office: 7 Brolga Place, Coleambally 2707

Annual Report

2008-2009

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Chairman's Report

For the year ended 30 June 2009

On behalf of the Board of Coleambally Irrigation Mutual Cooperative Limited (CIMCL), I am pleased to present to you the annual report for the past year.

The last year has been difficult on a variety of fronts as we have coped with the continuation of the drought and a number of Government initiated reviews and reforms. Austin Evans was Acting Chief Executive Officer for the first six months of this year until the appointment of John Culleton to the position of Chief Executive Officer in December, 2008.

Investment Program

During the year the Board appointed CPG Research and Advisory Service Pty. Ltd. as our Investment Advisers. The last twelve months has been a period of uncertainty and the Board's priority has been to reduce our exposure to what was happening. On the basis of CPG's advice, we have changed the mix of managed funds in which we were invested and for the time being have more funds invested in bank instruments.

At 30 June 2009 our investment portfolio (the mix of managed funds, long and short term) had a value of \$5,149,198 compared to a total amount invested of \$7,744,807 at 30 June 2008. Our cash and cash equivalent investments at 30 June 2009, is \$5,378,359 compared to \$430,401 at 30 June 2008. As the global financial situation improves, the Board intends to move more funds back into the long term market.

Asset Levy and Actuarial Revue

The Board resolved to reduce the levy from \$3.11 per megalitre to \$3.00 based on delivery entitlement. This decision was made after the completion of the Modern Engineering Equivalent Replacement Asset revue (MEERA) and the associated Actuarial Revue.

The review led us to conclude that some of the assets have a longer design life than originally anticipated. This has been confirmed by physical inspection.

CIMCL Renewal Program

CIMCL had asked CICL to undertake the replacement of two bridges on the Kidman Way. The bridges are on DC460 (the drainage channel bridge near Burke Lane) and the Boona Channel bridge near Pine Drive. These works were to be undertaken in the 2009 winter works program but due to time constraints have had to be deferred to winter 2010.

Termination and Access Fees

As a result of the review by the ACCC of Termination Fees and following the government's enactment of legislation, the Termination Fee for cancellation of delivery entitlement associated with the permanent water transfers out of Coleambally will now be based on ten times the annual access fee. Thus the CIMCL Termination Fee is \$33.00 (including GST) per megalitre of delivery entitlement.

Chairman's Report

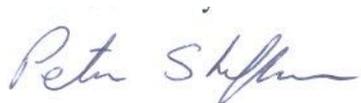
For the year ended 30 June 2009

External Director Appointment

At the last AGM, independent director, Bruce Brown was reappointed for a further three year term. The role of the independent director is invaluable and brings a different set of skills as an independent perspective to the Board.

On behalf of the Board, I would like to express sincere thanks to our Federal Members of Parliament, Kay Hull, Member for Riverina, and Sussan Ley, Member for Farrer and Adrian Piccoli, State Member for Murrumbidgee for their continued support during the past year.

To conclude, I would like to thank the directors of the Board and you, the members of CIMCL, for your support throughout the year. I would also like to acknowledge the contribution of John Culleton, CEO, Anne Rzeszkowski, Company Secretary, Richard de Koning, Financial Services Manager and Austin Evans, as Acting CEO.



Peter Sheppard
Chairman
20th September, 2009.

Investment Report

For the year ended 30 June 2009

Investment Report for year ended 30 June 2009

The 2008-09 financial year has been another difficult economic period for both governments and investment markets across the globe. The seeds of the sub-prime crisis sown in 2007-08 grew alarmingly during the first half of 2008-09 typified by the collapse of Lehman Brothers on 15 September 2008. This was followed by an almost complete loss of confidence in the global financial system as financial institutions became deeply concerned about the risk of interbank lending. Securitisation markets collapsed, fixed income and currency markets lost liquidity, share market volatility indexes soared and the lending markets tightened.

The Australian share market suffered its worst performance in 27 years losing 20.3% across 2008-09 despite rebounding by 27.3% since the March '09 trough. In the US the share market lost 27.1% (in A\$ terms) and world share markets (excluding Australia) lost 28.4% on a hedged currency basis.

Property markets also suffered across 2008-09. The listed Australian real estate sector suffered losses of 42.1% during 2008-09. This performance was not unique and was matched by global REIT losses of 43.9% on a hedged basis.

Notwithstanding the poor performance of share markets, high quality bond investments performed well across 2008-09 with the UBS Australian Composite Bond Index up 10.8% and international government bonds up 11.5%.

Unemployment levels which are always a good indicator of economic conditions continued to rise across the globe in 2008-09. In the US unemployment has increased from around 5% when the global financial crisis commenced to 9.4% and is still rising. In the UK unemployment has risen to 7.1%, in Europe to 9.2%, in Japan to 5% and in Australia to 5.7%.

Governments across the globe have played an important role in restoring confidence in the international banking system especially the interventions in the US and European financial systems. These activities have been greatly assisted by governments putting in place expansive monetary and fiscal policies. In many parts of the world interest rates are at historic lows.

During 2008-09 the Mutual decided to move to a new investment strategy developed by a new independent financial advisor. A number of growth assets were liquidated during 2008-09 in part due to the upheaval in global financial markets but also to progressively move to a new investment portfolio mix as recommended by the new financial advisor. Notwithstanding this, given that investment growth assets performed poorly across the globe, Mutual's investment portfolio suffered a decline in value. Importantly, the global financial crisis vindicated Mutual's decision in late 2007-08 not to invest the majority of the new levy in growth assets, and retain these funds in short term deposits protected by the Australian Governments guarantee on bank deposits.

Whilst it will take some time for a return to strong global economic growth and for full confidence to return to financial markets, early 2009-10 has seen some optimistic trends, especially in Australia. Commodity prices have strengthened and unemployment in Australia has not reached the levels predicted by most analysts.

Coleambally Irrigation Mutual Co-operative Limited

Investment Report

For the year ended 30 June 2009

Additionally, in part because of Australia's strong banking sector and regulatory strength, listed entities have been able to raise new capital via rights issues and other secondary offering. For example, in 2008-09 listed Australian companies raised \$90 billion in new capital. This is a much larger percentage of market capitalisation than for most other markets across the world.

The investment climate in 2009-10 will remain challenging and global economic recovery will be patchy with some nations, most notably Australia, outperforming the US and most European economies.

Bruce Brown

Independent Director

Coleambally Irrigation Mutual Co-operative Limited
ABN 60 785 211 497

Annual Report

Year ended 30 June 2009

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Directors' report

For the year ended 30 June 2009

Your directors present their report on the co-operative for the year ended 30 June 2009.

Directors

The following persons were directors of the co-operative during the whole of the financial year and up to the date of this report:

P. T. Sheppard	Member Director	Chairman
I. D. Sutherland	Member Director	Deputy Chairman
S. W. Rice	Member Director	
K. A. Arthur	Member Director	
B. M. Brown	Independent Director	

Mr H R Hunt was a director of the co-operative from 1 July 2008 until 12 November 2008.

Principle activities

The primary activity of the co-operative during this reporting period is the collection and investment of levies from members for the purpose of the long term replacement of irrigation infrastructure in the Coleambally Irrigation District.

Dividends

The co-operative does not have a share capital and accordingly does not pay dividends.

Review of operations

A summary of the co-operative's results is set out below:

	2009	2008
	\$	\$
Net surplus from ordinary activities before income tax	2,175,906	146,669
Less: Income tax (expense)/credit attributable to net surplus	166,379	440,833
Net surplus from ordinary activities after income tax	<u>2,342,285</u>	<u>587,502</u>

During the year the co-operative raised levies from members and invested those funds in accordance with its charter. Directors are confident the long term investment strategies are appropriate and capable of delivering an investment pool to achieve the objectives of the Co-operative. However, the future is inherently unpredictable and actual outcomes cannot be guaranteed.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the co-operative during the year.

Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the co-operative, the results of those operations, or the state of affairs of the co-operative, in subsequent financial years.

Likely developments and expected results of operations

Information on likely developments in the co-operative's operations and the expected results from operations have not been included in this report because the directors believe it may result in unreasonable prejudice to the co-operative.

Environmental regulation

In terms of its current operations, the co-operative is not subject to any significant environmental regulation.

Insurance of officers

During the financial year, the co-operative paid premiums to insure the directors and officers against liability incurred to the extent permitted by the law. The premium for Directors and Officers Insurance was \$3,215 (2008: \$4,121) for the year.

Directors' report

For the year ended 30 June 2009

Information on directors

Director	Experience	Special Responsibilities
P T Sheppard	Director of the co-operative since 16 November 2000. Irrigation farmer. Member of Community Environmental Committee of Coleambally Irrigation Co-operative Limited. Member representing CIMCL on the Asset Refurbishment & Maintenance Committee of Coleambally Irrigation Co-operative Limited. Committee Member of Rural Industries Research and Development Committee – Rice.	Chairman
I D Sutherland	Appointed director of the co-operative on 27 November 2002. Irrigation farmer. Member of Community Environmental Committee of Coleambally Irrigation Co-operative Limited. Community Member Murrumbidgee Demonstration Farm.	Deputy Chairman
S W Rice	Commenced as a director of the Co-operative on 15 November 2007. Irrigation farmer. Member of RGA – Coleambally branch. Committee member of RGA Public Relations Committee.	
K A Arthur	Commenced as a director of the Co-operative on 15 November 2007. Irrigation farmer. Vice President of RGA - Coleambally Branch. Member of RGA Central Executive and Environmental Working Committee. Member of the Reference Group Coleambally Community Impact Project.	
B M Brown	Commenced as an independent director of the Co-operative on 1 March 2007. Director of Coleambally Irrigation Co-operative Limited since 20 May 2004. Senior management roles with a number of large agribusiness groups.	

Directors' report

For the year ended 30 June 2009

Auditors' independence declaration

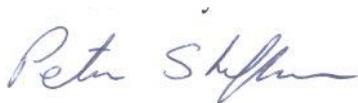
A copy of the auditors' independence declaration as required by the *Co-operatives Act 1992* is set out on this page.

Meetings of directors

The number of meetings of the co-operative's board of directors held during the year ended 30 June 2009, and the number of meetings attended by each member were:

	Board Meetings
Number of meetings	8
P T Sheppard	8
H R Hunt	3 of 3
I D Sutherland	8
S Rice	8
K Arthur	8
B M Brown	7

This report is made in accordance with a resolution of the directors.



P T Sheppard
Director

Coleambally
22 September 2009

Auditors' Independence Declaration

As lead auditor of the audit of Coleambally Irrigation Mutual Co-operative Ltd for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements in relation to the audit;
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Hugh McKenzie-McHarg
Partner
Johnsons MME

Albury
22 September 2009

Income statement

For the year ended 30 June 2009

	Notes	2009 \$	2008 \$
Revenue	2	3,872,707	1,618,421
Employee benefits expense		(41,343)	(38,660)
Consulting and legal expenses		(49,960)	(29,290)
Net distributions and movement in fair value of investments		(1,551,035)	(1,345,993)
Other expenses		(54,463)	(57,809)
Profit before income tax expense/(benefit)		2,175,906	146,669
Income tax (expense)/credit	3	<u>166,379</u>	440,833
Profit after income tax		<u>2,342,285</u>	587,502

The above income statement should be read in conjunction with the accompanying notes.

Balance sheet

For the year ended 30 June 2009

	Notes	2009 \$	2008 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	5,378,359	430,401
Receivables	5	1,650,372	1,935,083
Total current assets		<u>7,028,731</u>	<u>2,365,484</u>
Non current assets			
Other financial assets	6	5,149,198	7,744,807
Deferred tax assets	7	1,085,088	641,096
Total non current assets		<u>6,234,286</u>	<u>8,385,903</u>
Total assets		<u>13,263,017</u>	<u>10,751,387</u>
LIABILITIES			
Current liabilities			
Payables	8	165,856	164,224
Current tax liabilities	9	235,956	68,243
Total current liabilities		<u>401,812</u>	<u>232,467</u>
Total liabilities		<u>401,812</u>	<u>232,467</u>
Net assets		<u>12,861,205</u>	<u>10,518,920</u>
EQUITY			
Reserves	10(a)	14,153,989	10,518,920
Retained surplus/(accumulated deficit)	10(b)	(1,292,784)	-
Total equity		<u>12,861,205</u>	<u>10,518,920</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Total equity at the beginning of the year		10,518,920	9,931,418
Net profit for the year	10	2,342,285	587,502
Total equity at the end of the year		<u>12,861,205</u>	<u>10,518,920</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement

For the year ended 30 June 2009

	Notes	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		3,670,723	1,486,278
Payments to suppliers and employees		(145,857)	(122,801)
		3,524,866	1,363,477
Interest & distributions received		420,253	56,929
Taxation paid		(109,900)	(384,346)
Net cash inflow from operating activities	19	3,835,219	1,036,060
Cash flows from investing activities			
Payments for investments		(5,267,000)	(800,000)
Proceeds from sale of investments		6,379,739	-
Net cash outflow from investing activities		1,112,739	(800,000)
Net increase/(decrease) in cash held		4,947,958	236,060
Cash at the beginning of the financial period		430,401	194,341
Cash at the end of the financial period	4	5,378,359	430,401

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2009

Note 1. Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board.

The following is a summary of material accounting policies adopted by the co-operative in the preparation of the financial report. The accounting policies have been consistently applied.

The financial report is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at fair value. The accounting policies adopted have been consistently applied to all years presented.

(b) Revenue recognition

Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Levies from members

Levies are raised annually and are recognised at the time the levy is billed.

(ii) Interest and distribution revenue

Interest is recognised as it accrues. Distributions from investment trusts are recognised when a distribution is advised or received whichever occurs earlier.

(iii) Movements in fair value of investments

Movements in fair value of investments are brought to account as they accrue (refer note 1 (f)).

(c) Income tax

Income tax expense or revenue for the year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying values in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or the liabilities settled. Where temporary differences arise on initial recognition of an asset or liability, no deferred tax asset or liability is recognised in respect to these differences if they arose in a transaction that, at the time of the transaction, did not effect either the accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Deferred tax is debited/credited in the income statement except where it relates to items that may be credited directly to equity, in which case deferred tax is adjusted directly against equity.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

(e) Receivables

Accounts receivable are brought to account at their nominal amounts. No provision is raised for doubtful debts as there is considered to be little likelihood of bad debts arising.

Levies are billed in June each year and are due in 30 days. Interest is charged on overdue amounts at the rate of 10.0% (2008:10.0%) per annum.

Notes to the financial statements

For the year ended 30 June 2009

Note 1. Summary of significant accounting policies (continued)

(f) Other financial assets at fair value through the profit and loss

Financial assets at fair value through the profit and loss are financial assets that are managed and their performance evaluated on a fair value basis, in accordance with a documented investment strategy (summarised at note 20), and information about these investments is provided and monitored internally by the board on a regular basis. These financial assets comprise investments in managed funds and are reflected at fair value based on advice from the fund managers. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Changes in the fair value of “financial assets at fair value through the profit and loss” are recognised in the income statement in the period in which they arise.

(g) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally floating note securities, are non-derivatives that are either designated in this category or not classified in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities or determinable payments and management intends to hold them for the medium to long term.

(h) Trade and other creditors

These amounts represent liabilities for goods and services provided to the co-operative prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Reserves

As a mutual entity the co-operative receives funds from members and non-members. The co-operative separately accounts for the balance of members' funds. In order to illustrate this, and the co-operative's compliance with rules 20 and 21 of the co-operative's rules, reserves have been created (refer note 10). Remaining members funds are made up of the balances of the members' contribution reserve and the sinking fund reserve.

(j) 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 Tax Office. 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 component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the financial statements

For the year ended 30 June 2009

Note 1. Summary of significant accounting policies (continued)**(k) Accounting standards issued but not yet effective**

AASB amendment	Standards affected	Outline of amendment	Application date of the standard	Application date for entity
AASB2007-6 Amendments to Australian Accounting Standards	AASB 1 AASB 101 AASB 107 AASB 111 AASB 116 AASB 138	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. It is not expected that this change in the accounting standard will have any direct impact on the entity.	1 January 2009	30 June 2010
AASB123	AASB 123 Borrowing Costs	As above.	1 January 2009	30 June 2010
AASB2007-8 Amendments to Australian Accounting Standards	AASB 101 Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of recognised income and expenditure. The entity intends to apply the revised standard from 1 January 2009	1 January 2009	30 June 2010
AASB2007-10 Amendments to Australian Accounting Standards	AASB 101 Presentation of Financial Statements	The revised AASB 101: This amendment changes 'general purpose financial report' to general purpose financial statements' and 'financial report' to 'financial statements'. The entity intends to apply the revised standard from 1 January 2009	1 January 2009	30 June 2010
AASB 101	AASB 101 Presentation of Financial Statements	As above.	1 January 2009	30 June 2010
AASB 116	AASB 116 Property, Plant & Equipment	The revised AASB 116 has been based on the review of AAS 27, AAS 29 and AAS 31. It is not expected that this change in the accounting standard will have any direct impact on the entity.	1 July 2008	30 June 2010
AASB 137	AASB 137 Provisions, Contingent Liabilities and Contingent Assets	The revised AASB 137 has been based on the review of AAS 27, AAS 29 and AAS 31. It is not expected that this change in the accounting standard will have any direct impact on the entity.	1 January 2009	30 June 2010
AASB 1004	AASB 1004 Contributions	The revised AASB 1004 has been based on the review of AAS 27, AAS 29 and AAS 31. It is not expected that this change in the accounting standard will have any direct impact on the entity.	1 July 2008	30 June 2010

Notes to the financial statements

For the year ended 30 June 2009

Note 1. Summary of significant accounting policies (continued)

(k) Accounting standards issued but not yet effective (continued)

AASB amendment	Standards affected	Outline of amendment	Application date of the standard	Application date for entity
AASB2008-5 Amendments to Australian Accounting Standards	AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023, 1038	Amendments to Australian Accounting Standards arising from Annual Improvement Project. The impact of amendments on the entity is still to being considered.	1 January 2009	30 June 2010
AASB2008-6 Amendments to Australian Accounting Standards	AASB 1 AASB 5	As above	1 January 2009	30 June 2010

Note 2. Revenue

	2009 \$	2008 \$
Revenue from operating activities		
Levies from members	1,507,945	1,535,013
Prepaid levies from members	1,435,943	-
Termination fees	771,088	-
	<u>3,714,976</u>	<u>1,535,013</u>
Revenue from outside the operating activities – non members		
Interest	157,731	83,408
	<u>157,731</u>	<u>83,408</u>
Total revenue from ordinary activities	<u><u>3,872,707</u></u>	<u><u>1,618,421</u></u>

Notes to the financial statements

For the year ended 30 June 2009

Note 3. Income tax

	2009	2008
	\$	\$
(a) Income tax expense		
Current tax	(269,209)	(86,191)
Deferred tax (i)	435,588	527,024
Aggregate income tax (expense)/credit	<u>166,379</u>	<u>440,833</u>

(i) Deferred income tax expense is entirely comprised of movements in future income tax benefits.

(b) Numerical reconciliation of income tax expense to prima facie tax payable

The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the net surplus from ordinary activities. The differences are reconciled as follows:

Net surplus from ordinary activities before income tax	<u>2,175,906</u>	146,669
Income tax expense calculated @ 30% (2008: 30%)	(652,772)	(44,001)
Tax effect of permanent differences		
Net mutual income and expenses attributable to mutual income	829,368	484,834
Tax overprovided in prior years	(10,217)	0
Income tax (expense)/credit	<u>166,379</u>	<u>440,833</u>

The co-operative continues to account for its taxation on the basis that the concept of mutuality is applicable to levy contributions from members.

Note 4. Current assets – Cash

	2009	2008
	\$	\$
Cash at bank	108,053	230,401
Term Deposits	5,270,306	200,000
	<u>5,378,359</u>	<u>430,401</u>

Notes to the financial statements

For the year ended 30 June 2009

Note 5. Current assets – Receivables

		2009	2008
		\$	\$
Trade debtors	(a)	1,645,310	1,601,057
Prepayment		5,062	3,339
Accrued Income		-	330,687
		<u>1,650,372</u>	<u>1,935,083</u>

(a) Ageing

The ageing of receivables at balance date was:

	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
	\$	\$	\$	\$
Not past due	1,642,468	-	1,600,988	-
Past due 31 – 60 days	-	-	-	-
Over 60 days	2,842	-	69	-
	<u>1,645,310</u>	<u>-</u>	<u>1,601,057</u>	<u>-</u>

Note 6. Other financial assets

	2009	2008
	\$	\$
Financial assets at fair value through the profit and loss	5,149,198	7,144,807
Available-for-sale financial assets	-	600,000
	<u>5,149,198</u>	<u>7,744,807</u>

Note 7. Deferred tax assets

	2009	2008
	\$	\$
Future income tax benefit	1,085,088	641,096
	<u>1,085,088</u>	<u>641,096</u>

Note 8. Current liabilities – Payables

	2009	2008
	\$	\$
Trade creditors and accruals	165,856	164,224
	<u>165,856</u>	<u>164,224</u>

Note 9. Current tax liabilities

	2009	2008
	\$	\$
Income tax	235,956	68,243
	<u>235,956</u>	<u>68,243</u>

Notes to the financial statements

For the year ended 30 June 2009

Note 10. Reserves and retained surpluses

	Notes	2009 \$	2008 \$
(a) Reserves			
Members' contribution reserve		6,153,989	2,439,013
Sinking fund reserve		8,000,000	8,000,000
Non-member income reserve		-	79,907
		14,153,989	10,518,920
Movements			
<i>Members' contribution reserve</i>			
Balance as at 1 July 2008		2,439,013	904,000
Transfers from retained surplus		3,714,976	1,535,013
Transfers to sinking fund reserve		-	-
Balance as at 30 June 2009		6,153,989	2,439,013
<i>Sinking fund reserve</i>			
Balance as at 1 July 2008		8,000,000	8,000,000
Transfers from members contribution reserve		-	-
Balance as at 30 June 2009		8,000,000	8,000,000
<i>Non-member income reserve</i>			
Balance as at 1 July 2008		79,907	1,027,418
Transfers from retained surplus		-	-
Transfers to retained surplus		(79,907)	(947,511)
Balance as at 30 June 2009		-	79,907
(b) Retained surplus/(accumulated deficit)			
Retained surpluses at the beginning of the financial year		-	-
Net profit for the year		2,342,285	587,502
Transfers to members' contribution reserve		(3,714,976)	(1,535,013)
Transfers to non-member income reserve		-	-
Transfers from non-member income reserve		79,907	947,511
Retained surplus/(deficit) at the end of the financial year		(1,292,784)	-

(c) Nature and purpose of reserves

(i) Members' contributions reserve

The members contributions reserve has been established to record and control the receipt of all members' contributions. Funds are allocated from the members' contributions reserve as required to fund the costs and expenses and overheads of the co-operative and to transfer amounts to the sinking fund reserve as required by Rule 20.4.

(ii) Sinking Fund Reserve

Under Rule 20.4(b)(i) of the co-operative's rules, it is required to set aside reserves in a fund to be known as the "Sinking Fund" to cover capital expenditure for the construction, refurbishment and replacement of future and existing irrigation assets in the existing area of operations of Coleambally Irrigation Co-operative Limited. The funds so set aside can only be used for this purpose.

(iii) Non-member income reserve

Under Rule 21.3 of the co-operative's rules, it is required to establish a separate reserve fund for the purpose of separating contributions from the non-member funds. All non-member funds must be held in the non-member income fund and must be identifiable in the co-operative's accounts. These funds may be drawn to fund operations as required.

Notes to the financial statements

For the year ended 30 June 2009

Note 11. Share capital

Coleambally Irrigation Mutual Co-operative Limited is a co-operative without share capital.

Note 12. Financial instruments

(a) Interest rate risk exposures

The co-operative's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

		Fixed interest maturing in:					
		Floating interest rate	1 year or less	over 1 to 5 years	More than 5 years	Non-interest bearing	Total
Notes		\$	\$	\$	\$	\$	\$
2009							
Financial assets							
Cash	4	108,053	5,270,306	-	-	-	5,378,359
Receivables	5	-	-	-	-	1,650,372	1,650,372
Investments	6	-	-	-	-	5,149,198	5,149,198
		108,053	5,270,306	-	-	6,799,570	12,177,929
Weighted average interest rate		2.7%	4.11%			N/A	
Financial liabilities							
Trade creditors and accruals	8	-	-	-	-	165,856	165,856
		-	-	-	-	165,856	165,856
Weighted average interest rate						N/A	
Net financial assets/(liabilities)		108,053	5,270,306	-	-	6,633,714	12,012,073

		Fixed interest maturing in:					
		Floating interest rate	1 year or less	over 1 to 5 years	More than 5 years	Non-interest bearing	Total
Notes		\$	\$	\$	\$	\$	\$
2008							
Financial assets							
Cash	4	230,401	200,000	-	-	-	430,401
Receivables	5	-	-	-	-	1,935,083	1,935,083
Investments	6	600,000	-	-	-	7,144,807	7,744,807
		830,401	200,000	-	-	9,079,890	10,110,291
Weighted average interest rate		7.5%	8.54%			N/A	
Financial liabilities							
Trade creditors and accruals	8	-	-	-	-	164,224	164,224
		-	-	-	-	164,224	164,224
Weighted average interest rate						N/A	
Net financial assets/(liabilities)		830,401	200,000	-	-	8,915,666	9,946,067

Notes to the financial statements

For the year ended 30 June 2009

Note 12. Financial instruments (continued)

(b) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying amounts.

(c) Credit risk exposures

The credit risk on financial assets which have been recognised on the statement of financial position is generally the carrying amount, net of any provisions for doubtful debts.

Note 13. Remuneration of auditors

	2009	2008
	\$	\$
Remuneration of the auditors of the co-operative for:		
Audit of the financial report	3,050	2,900
Other assurance services	4,750	2,900
Total audit and other assurance services	<u>7,800</u>	<u>5,800</u>
Taxations services	18,345	2,750
Other services	0	3,910
Total remuneration	<u>26,145</u>	<u>12,460</u>

Note 14. Contingent liabilities

At the date of signing this financial report the Co-operative is not aware of any contingent liability.

Note 15. Commitments for expenditure

	2009	2008
	\$	\$
Capital commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:		
Not later than one year	-	-
	<u>-</u>	<u>-</u>

Notes to the financial statements

For the year ended 30 June 2009

Note 16. Related parties

Key management personnel

The names of persons who were directors of the co-operative at any time during the financial period are as follows: P T Sheppard; H R Hunt; I D Sutherland; S W Rice; K A Arthur and B M Brown. The directors received remuneration of \$41,343 (2008: \$38,660).

Loans to key management personnel

There were no loans to key management personnel or their related entities.

Transactions of key management personnel concerning shares

The co-operative does not have a share capital and accordingly the key management personnel own no shares.

Other transactions with key management personnel and their related entities

During the year the co-operative raised levies on those key management personnel who are members of the co-operative or their related entities on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with them at arm's length in the same circumstances. The total value of levies raised by the co-operative from key management personnel and their related entities was \$57,747 (2008: \$54,533). These levies were raised just prior to the end of the reporting period, and remain outstanding as at 30 June 2009.

Note 17. Event occurring after reporting date

No matter or event has arisen since the reporting date that is considered likely to have a significant effect on the co-operative in future financial years.

Note 18. Segment information

The co-operative operates in order to replace irrigation infrastructure in the Coleambally Irrigation Area located in the Riverina region of New South Wales. The co-operative has no operations in any other industry or geographic segment.

Note 19. Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities

	2009 \$	2008 \$
Profit after income tax	2,342,285	587,502
Movement in fair value of investment	1,482,870	1,650,201
Change in operating assets and liabilities		
(Increase) in receivables	(44,253)	(48,735)
(Increase) in prepayments	(1,723)	(3,339)
(Increase) in accrued income	330,687	(330,687)
(Increase) in tax assets	(443,992)	(527,024)
Increase/(decrease) in trade creditors and accruals	1,632	24,245
Increase/(decrease) in tax liabilities	167,713	(316,103)
Net cash inflow/(outflow) from operating activities	<u>3,835,219</u>	<u>1,036,060</u>

Notes to the financial statements

For the year ended 30 June 2009

Note 20. Financial Risk Management

The Co-operative's activities expose it to credit and liquidity risks. The Co-operative's overall risk management program focuses on the key risk of unpredictability in financial markets and seeks to minimise potential adverse affects on the financial performance of the Co-operative. The board monitors these risks through quarterly board meetings where management reports are presented and analysed.

a) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks as well as credit exposures including outstanding receivables and long term investments. The maximum exposure to credit risk at balance date is the carrying amount of financial assets as summarised in note 12(a).

To manage its short term credit risk the Co-operative invests surplus funds in term deposits to maximise its return while reducing the potential effect of the short term unpredictability of financial markets and the effect this may have on its return on surplus funds. Due to the size of the term deposits at balance date the Co-operative's exposure to credit risk is considered immaterial to the overall profitability of the entity.

During 2008/09 a number of growth assets were liquidated in part given the sub-prime crisis and its impact on growth assets world-wide but also to move to a new investment strategy developed by a new independent investment adviser. As a result the investment portfolio is short-term weighted heavily toward fixed interest assets. Notwithstanding this, progressive reinvestment will see a return to a ratio of 65:35 in favour of growth assets as recommended in the new investment strategy.

b) Liquidity risk

Liquidity risk is the risk that the Co-operative will encounter difficulty in meeting obligations associated with financial liabilities. The maximum exposure to liquidity risk at balance date is the carrying amount of financial liabilities as summarised in note 15(b). To manage its liquidity risk the Committee monitors its cash flow requirements on a monthly basis to maintain sufficient cash to pay its debts as and when they fall due.

Directors' declaration

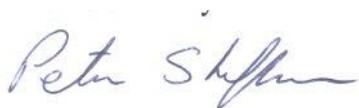
The directors declare that the financial statements and notes set out on pages 10 to 23:

- (a) comply with Accounting Standards, the *Co-operatives Act 1992* as amended and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the co-operative's financial position as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the *Co-operatives Act 1992* as amended; and
- (b) 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 directors.



P T Sheppard
Director

Coleambally
22 September 2009

Coleambally Irrigation Mutual Co-operative Limited
Independent audit report to members

Report on the Financial Report

We have audited the financial report of Coleambally Irrigation Mutual Co-operative Limited, which comprises the balance sheet at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Coleambally Irrigation Mutual Co-operative Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Co-operatives Act 1992*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Co-operatives Act 1992*.

Auditor's Opinion

In our opinion the financial report of Coleambally Irrigation Mutual Co-operative Limited is in accordance with the *Co-operatives Act 1992*, including:

- a) giving a true and fair view of Coleambally Irrigation Mutual Co-operative Limited's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and complying with the *Co-operatives Regulations*.



Johnsons MME
Chartered Accountants



H P McKenzie-McHarg
Partner

Albury
22 September 2009