



10061489559

ASHBURTON TRADING SOCIETY LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Financial Statements

Statement of Accounting Policies.....	Page 1
Statements of Comprehensive Income.....	Page 8
Statements of Changes in Equity and Members' Interests.....	Page 9
Balance Sheets.....	Page 10
Statements of Consolidated Cash Flows.....	Page 11
Notes to the Accounts.....	Page 12
Audit Report.....	Page 27

STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June 2012

Reporting Entity

The Ashburton Trading Society Limited is a Society incorporated in New Zealand under the Industrial and Provident Societies Act 1908. The registered office is 97 Burnett St, Ashburton.

Ashburton Trading Society Limited is a reporting entity under the rules of Ashburton Trading Society Limited.

Ashburton Trading Society Limited (ATS) is a farming co-operative, based in Mid Canterbury, formed in 1963. ATS facilitates trade between its members and approved suppliers. ATS also has three farm merchandise stores located in Ashburton, Methven and Rakaia.

The group consists of Ashburton Trading Society Limited, Pro-Active NZ Limited, ATS Fuel Limited, Watermetrics NZ Limited and Coulter Seeds Limited.

These financial statements were authorised for issue by the Board of Directors on 29 August 2012.

Statement of Compliance

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, and comply with the New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS) and other applicable accounting standards as deemed appropriate for profit-oriented entities.

These financial statements also comply with International Financial Reporting Standards (IFRS).

Basis of Preparation

The financial statements are presented in New Zealand currency, rounded to the nearest thousand dollars.

The financial statements have been prepared on the historic cost basis. Cost is based on the fair value of consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented in the financial statements for the year ended 30 June 2011. Policies have been consistently applied to all periods presented, unless otherwise stated.

Entities Reporting

The financial statements for the "Parent" are for Ashburton Trading Society Limited as a separate legal entity.

The consolidated financial statements for the "Group" are for the economic entity comprising Ashburton Trading Society Limited, its subsidiaries Pro-Active NZ Limited and ATS Fuel Limited and its associates Watermetrics NZ Limited, and Coulter Seeds Limited.

The company and group are designated as profit oriented entities for financial reporting purposes.

Principals of Consolidation

a) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ashburton Trading Society Limited as at 30 June 2012 and the results of all subsidiaries for the year then ended. Ashburton Trading Society Limited and its subsidiaries together are referred to in these financial statements as the group or the consolidated entity. Investment in subsidiaries are accounted for at cost in the parent financial statements.

Subsidiaries are all those entities over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Subsidiaries, which form part of the group, are consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income.

Intercompany transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

b) Associates

Associates are all entities over which the group has significant influence but not control, generally evidenced by holding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the group by using the equity method of accounting and are initially recognised at cost. Investments in associates are accounted for at cost in the parent financial statements.

The group's share of its associates' post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Exercise of Judgement and Estimations

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The group has estimates relating to bad debt provisioning, fair value of land and buildings and inventory net realisable value but they are not significant to the result or balance sheet.

Adoption of New and Revised Standards

The group has adopted all the new and revised Standards and Interpretations approved by the Accounting Standards Review Board that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2011.

At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but not yet effective, and have not been adopted early by the Ashburton Trading Society Limited Group.

The Board anticipates that all pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard. Information on new standards, amendments and interpretations that are expected to be relevant to the Ashburton Trading Society Limited Group's financial statements is provided below. Certain other new standards and interpretations issued but not effective, that are not expected to have a material impact on the Ashburton Trading Society Limited Group's financial statements have not been disclosed.

NZ IFRS 9 – "Financial instruments" is effective for periods on or after 1 January 2015. The recognition and measurement guidance for financial liabilities is unchanged from IAS 39. An additional presentational requirement has been added for liabilities designated at fair value through profit and loss (FVTPL). Where such a designation is made, the liability is recorded on balance sheet at its full fair value. However, the fair value movement taken to the income statement excludes the effect of credit risk; this is recorded in other comprehensive income (OCI) (unless recognising own credit in OCI creates an accounting mismatch). There is no subsequent reclassification of the amounts in OCI to profit or loss.

The Board has yet to assess the impact this standard is likely to have on financial instruments held. However, they do not expect to implement the standard until all phases of the replacement project have been published and they can comprehensively assess the impact of all changes.

NZ IFRS 13 "Fair value measurement" is effective for periods on or after 1 January 2013. This Standard establishes a single framework for measuring fair value where that is required by other Standards. The Group intends to adopt this standard in the 2013 financial year. The new standard is not expected to significantly impact the Group but will result in some amended presentation within the Financial Statements.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of these financial statements. These policies have been consistently applied to all periods presented, unless otherwise stated.

a) **Property, plant and equipment**

- **Owned assets**

Items of property, plant and equipment are stated at historic cost less accumulated depreciation (see below) and impairment losses (refer accounting policy (g)).

The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overhead costs.

Where individual parts of an item of property, plant and equipment have different useful lives, these are accounted for and depreciated as separate assets.

- **Subsequent costs**

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Society and the cost of the item can be measured reliably.

All other costs are recognised in the Statement of Comprehensive Income as the expense is incurred.

- **Depreciation**

Depreciation is charged to the Statement of Comprehensive Income over the estimated useful lives of each part of an item of property plant and equipment. Land is not depreciated.

The current rates of depreciation are the maximum allowed by the Inland Revenue Department and in general are:

Improvements		4% - 11.4% DV
Buildings	1% - 39.6% CP & 4% - 39.6% DV	
Office Equipment		4.4% - 60% DV
Plant & Equipment		9% - 60% DV
Motor Vehicles		14.4% - 36% DV

b) **Intangibles**

Computer software and patents are intangible assets and are stated at cost less accumulated amortisation and impairment losses. Cost is the amount paid for the software and patents. Amortisation is charged to the Statement of Comprehensive Income using diminishing value over their estimated useful lives for software, and ten year estimated useful life for patents. All intangible assets held have a finite life.

c) **Borrowing costs**

Borrowing costs directly attributable to the construction or acquisition of non-current assets which take a substantial period of time will form part of the cost of those assets. Other borrowing costs are recognised as an expense in the period they are incurred.

d) **Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Comprehensive Income.

e) **Inventories**

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

f) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and current and short-term deposit accounts maintained by the group with external banking institutions. Bank facilities that are repayable on demand and which form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

g) **Impairment of assets**

The carrying amounts of the group's assets, other than inventories (refer accounting policy (e)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

If the recoverable amount of an asset, or cash generating unit, is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount, and an impairment loss is recognised immediately in the Statement of Comprehensive Income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset previously. A reversal of impairment loss is recognised immediately in the Statement of Comprehensive Income.

h) **Taxation**

The income tax expense charged to the Statement of Comprehensive Income includes both the current period's provision and the income tax effect of:

- Taxable temporary differences, except those arising from initial recognition of goodwill; and
- Deductible temporary differences to the extent it is probable they will be utilised.

Temporary differences arising from transactions, other than business combinations, affecting neither accounting profit nor taxable profit are ignored.

Deferred tax is not recognised on temporary differences associated with investments in subsidiaries, associates and joint ventures because:

- The parent company is able to control the timing of the reversal of the differences; and
- They are not expected to reverse in the foreseeable future.

h) **Taxation (continued)**

Tax effect accounting is applied on a comprehensive basis to all timing differences using the liability method. A deferred tax asset is only recognised to the extent that it is probable there will be future profit to utilise the temporary differences.

i) **Financial Instruments**

Financial instruments are recognised in the Balance Sheet when the group becomes party to the financial contract. They include cash balances, bank overdrafts, receivables, payables and term borrowings. These are categorised as loans and receivables (refer accounting policy (q)) and liabilities at amortised cost (refer accounting policy (j)).

j) **Payables**

Trade and other payables are recognised when the group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

k) **Provisions**

A provision is recognised on the face of the Balance Sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

l) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

m) **Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and the liability is capable of reliable measurement.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal rates using the remuneration rate expected to apply at the time of settlement.

For long-service leave the liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

n) **Revenue**

• **Sale of goods**

Revenue from the sale of goods is recognised when the group has transferred to the buyer the significant risks and rewards of ownership of the goods. Risks and rewards are considered transferred to the buyer at the time of delivery of the goods to the customer. Whilst the majority of goods and services are delivered directly from the ATS supplier to the customer, the substantial risks and rewards of the sale are considered to lie with ATS and therefore the revenue is accounted for as principal and not as an agency arrangement as defined in IAS 18.

• **Other trading revenue**

Other trading revenue is revenue other than that derived from the sale of goods and services which arises in the normal course of the group's business activities, and includes:

○ **Rental**

Rental income is recognised on a straight-line basis over the term of the contract.

n) **Revenue (continued)**

- **Finance income**

Interest revenue is recognised on a time proportionate basis taking into account the effective yield on the financial asset.

o) **Expenses**

- **Operating lease payments**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense.

p) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of GST, except for members' receipts, suppliers' payments, receivables and payables, which are reported inclusive of GST.

Commitments and contingencies are disclosed net of the amounts of GST recoverable from or payable to the Inland Revenue Department.

q) **Loans and Receivables**

Loans and receivables include non derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are recognised at fair value plus transaction costs and subsequently measured at amortised costing using the effective interest method, less provision for impairment.

r) **Dividends**

Provision is made for the amount of any dividend declared on or before period-end but not distributed at balance date. Dividend distribution to the society members is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the Directors and notified to the Society's members.

s) **Share Capital**

Ordinary and deferred shares are classified as equity at the value they are issued to shareholders.

t) **Bonus and Deferred Rebates**

Bonus and deferred rebates are recognised as an expense at the time the entitlement to the rebate is approved by the Directors. Shareholders are entitled to a share in the rebates according to their support. The rebates are distributed by way of deferred shares and/or cash at the sole discretion of the Directors.

u) **Foreign Currency Transactions**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on bases consistent with those used last period.

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Notes	Group 30 June 2012 (\$000)	Group 30 June 2011 (\$000)	Parent 30 June 2012 (\$000)	Parent 30 June 2011 (\$000)
Revenue - Sales		221,941	210,825	220,988	210,293
Cost of Sales		(212,866)	(202,688)	(212,398)	(202,546)
Gross Profit		9,075	8,137	8,590	7,747
Interest Income		81	81	58	61
Dividend Received		-	-	450	300
Share of Associate Surplus	15	56	23	-	-
Other Operating Expenses	1	(2,510)	(2,206)	(2,457)	(2,144)
Salaries and Wages	2	(3,703)	(3,449)	(3,703)	(3,449)
Audit of Financial Statements		(37)	(37)	(37)	(37)
Directors' Fees		(144)	(140)	(144)	(140)
Depreciation	16	(311)	(369)	(306)	(363)
Amortisation of Intangibles	17	(245)	(253)	(244)	(252)
Rentals and Operating Leases	3	(92)	(93)	(78)	(77)
Finance Cost - Interest		(113)	(138)	(112)	(136)
Operating Surplus		2,057	1,556	2,017	1,510
Less Rebates to Members	4	(500)	(550)	(500)	(550)
Net Surplus before Taxation		1,557	1,006	1,517	960
Provision for Taxation					
Tax on Net Surplus before Taxation	5	(439)	(310)	(302)	(206)
Total Comprehensive Income for the period, net of Tax		<u>1,118</u>	<u>696</u>	<u>1,215</u>	<u>754</u>

THIS STATEMENT MUST BE READ IN CONJUNCTION WITH THE NOTES TO THE FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY AND MEMBERS' INTERESTS

For the year ended 30 June 2012

Notes	Group 30 June 2012 (\$000)	Group 30 June 2011 (\$000)	Parent 30 June 2012 (\$000)	Parent 30 June 2011 (\$000)
Balance at Start of Period	10,361	9,815	10,276	9,672
Total Comprehensive Income for the period, net of tax	<u>1,118</u>	<u>696</u>	<u>1,215</u>	<u>754</u>
	11,479	10,511	11,491	10,426
Contributions from Owners:				
Movement in Ordinary Shares Issued 9	26	41	26	41
Movement in Deferred Shares 9	<u>(301)</u>	<u>(191)</u>	<u>(301)</u>	<u>(191)</u>
Balance at End of Period	<u>11,204</u>	<u>10,361</u>	<u>11,216</u>	<u>10,276</u>

THIS STATEMENT MUST BE READ IN CONJUNCTION WITH THE NOTES TO THE FINANCIAL STATEMENTS

BALANCE SHEETS

As at 30 June 2012

	Notes	Group 30 June 2012 (\$000)	Group 30 June 2011 (\$000)	Parent 30 June 2012 (\$000)	Parent 30 June 2011 (\$000)
Equity and Members' Interests					
Share Capital	9	1,337	1,311	1,337	1,311
Deferred Shares	9	2,441	2,742	2,441	2,742
Retained Earnings	10	7,426	6,308	7,438	6,223
		11,204	10,361	11,216	10,276
Current Liabilities					
Trade Payables	11	15,182	14,928	14,855	14,780
Employee Entitlements	12	323	394	323	394
Taxation Payable		74	55	-	-
Provision for Bonus Rebate	4	500	550	500	550
Current Portion of Term Liabilities	13	1,003	1,683	1,003	1,683
		17,082	17,610	16,681	17,407
Non Current Liabilities					
Deferred Tax Liability	5	880	905	880	905
Bank Loan (Secured)	13	1,003	1,852	1,003	1,852
Less Current Portion Term Liabilities	13	(1,003)	(1,683)	(1,003)	(1,683)
		880	1,074	880	1,074
Total Equity and Liabilities		29,166	29,045	28,777	28,757
Non Current Assets					
Investment in Subsidiaries	14	-	-	420	420
Investment in Associate	15	409	59	365	54
Advance to Associates		316	-	316	-
Deferred Tax Asset	5	124	93	124	93
Property Plant & Equipment	16	5,719	5,602	5,675	5,552
Intangibles	17	253	405	249	400
		6,821	6,159	7,149	6,519
Current Assets					
Cash and Cash Equivalents	18	578	858	153	353
Inventory - Finished Goods		6,725	6,956	6,466	6,793
Taxation Refundable		-	-	40	44
Advance		41	41	41	41
Trade & Other Receivables	19	15,001	15,031	14,928	15,007
		22,345	22,886	21,628	22,238
Total Assets		29,166	29,045	28,777	28,757

For and on behalf of the Board


P J McKendry
 (Chairman)


R I C Mackenzie
 (Deputy Chairman)

Date: 29 August 2012

THIS STATEMENT MUST BE READ IN CONJUNCTION WITH THE NOTES TO THE FINANCIAL STATEMENTS

STATEMENTS OF CONSOLIDATED CASH FLOWS

For the year ended 30 June 2012

Notes	Group 30 June 2012 (\$000)	Group 30 June 2011 (\$000)	Parent 30 June 2012 (\$000)	Parent 30 June 2011 (\$000)
<u>Cash Flow From Operating Activities:</u>				
Cash was provided from:				
Receipts from Customers	222,174	207,930	221,183	207,421
Income from Interest	71	70	50	51
Taxation Refund	43	180	43	180
GST	-	62	-	43
	222,288	208,242	221,276	207,695
Cash was disbursed to:				
Payments to Suppliers & Employees	219,120	205,947	218,594	205,891
Interest Paid	116	138	112	136
Income Tax Paid	477	264	390	260
GST	52	-	27	-
	219,765	206,349	219,123	206,287
<u>Net Flow from Operating</u>	2,523	1,893	2,153	1,408
<u>Cash Flow From Investing Activities:</u>				
Cash was provided from:				
Proceeds from Sale of Property Plant & Equip	59	-	59	-
Dividend from Subsidiary	-	-	450	300
Proceeds from Sale of Shares	7	-	7	-
Repayment of Advance	-	-	-	-
	66	-	516	300
Cash was applied to:				
Advance to Associate	316	-	316	-
Investment in Associate	322	-	322	-
Purchase of Property Plant & Equip	463	347	463	347
Purchase of Intangibles	93	333	93	333
	1,194	680	1,194	680
<u>Net Flow from Investing Activities</u>	(1,128)	(680)	(678)	(380)
<u>Cash Flow From Financing Activities:</u>				
Cash was provided from:				
Issues of Shares	50	55	50	55
Proceeds from Loans	-	-	-	-
	50	55	50	55
Cash was applied to:				
Rebates Paid to Members	550	-	550	-
Shares Repaid	325	205	325	205
Loan Repaid	850	649	850	649
	1,725	854	1,725	854
<u>Net Flow from Financing Activities</u>	(1,675)	(799)	(1,675)	(799)
<u>Net Increase / (Decrease) in Cash Held</u>	(280)	414	(200)	229
Add Opening Cash Brought Forward	858	444	353	124
<u>Ending Cash Carried Forward</u>	578	858	153	353
<u>Cash Comprises Bank Accounts and Cash</u>	578	858	153	353

THIS STATEMENT MUST BE READ IN CONJUNCTION WITH THE NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

	Group 2012 (\$000)	Group 2011 (\$000)	Parent 2012 (\$000)	Parent 2011 (\$000)
1. Operating Expenses				
Operating expenses include the following specific costs:				
Bad Debt Write-Off	3	47	3	47
(Gain)/Loss on Sale of Assets	(20)	39	(20)	39
Legal Fees	6	18	6	18
	<u>(11)</u>	<u>104</u>	<u>(11)</u>	<u>104</u>
2. Salaries and Wages				
Wages and Salaries	3,774	3,380	3,774	3,380
Changes to Provisions	(71)	69	(71)	69
Total Expense	<u>3,703</u>	<u>3,449</u>	<u>3,703</u>	<u>3,449</u>
3. Lease Commitments				
Operating Lease Commitments				
Operating leases relate to vehicle, photocopiers, building and car parks. The term of these leases are no greater than 5 years, with options to extend the leases if required. Operating lease contracts may contain market review clauses in the event that the Group exercises its option to renew or extend the lease.				
Aggregate lease commitments under non-cancellable operating leases Land & Buildings:				
Within 12 Months	40	40	35	35
Between One and Five Years	67	107	66	101
Later than Five Years	-	-	-	-
	<u>107</u>	<u>147</u>	<u>101</u>	<u>136</u>
Aggregate lease commitments under non-cancellable operating leases Other:				
Within 12 Months	62	54	62	54
Between One and Five Years	102	34	103	34
Later than Five Years	-	-	-	-
	<u>164</u>	<u>88</u>	<u>165</u>	<u>88</u>
Finance Lease Commitments				
The group has no obligations outstanding in relation to finance leases, hire purchase transactions or any other form of finance lease arrangements. Borrowing details are included in note 13.				
4. Rebates Paid to Members				
Rebates have been provided for in the Financial Statements as follows:				
Bonus Rebate	500	550	500	550
Deferred Rebate	-	-	-	-
Total Rebates	<u>500</u>	<u>550</u>	<u>500</u>	<u>550</u>

The level of rebates distribution is determined by the Directors having regard to the Society's projected profitability and future capital requirements for reinvestment in the co-operative. The bonus rebate is paid out each year after balance date. Deferred rebates are converted to Deferred Shares at the time of crediting to member accounts. Please also refer to note 9 (Movement in Capital).

	Group 2012 (\$000)	Group 2011 (\$000)	Parent 2012 (\$000)	Parent 2011 (\$000)
--	--------------------------	--------------------------	---------------------------	---------------------------

5. Taxation

(a) Tax Expense

Statement of Comprehensive Income

Current Income Tax	495	330	358	226
Deferred Tax Expense – Temporary Differences	(56)	(26)	(56)	(26)
Deferred Tax Adjustment to 28% Income Tax in Statement of Comprehensive Income	-	6	-	6
	439	310	302	206

(b) Reconciliation of Effective Tax Rate

Parent

	2012 (\$000)	2011 (\$000)
Net Surplus before Tax	1,517	960
Prima Facie Tax at 28% (2011 30%)	425	288
Tax On Non-Deductible Expenses	3	2
Tax On Non-assessable income	(126)	(90)
Deferred Tax Adjustment to 28%	-	6
Effective Tax Rate	19.9% <u>302</u>	21.5% <u>206</u>

Income Tax Expense Reported In:
Statement of Comprehensive Income

302 206

Group

Net Surplus before Tax	1,557	1,006
Prima Facie Tax at 28% (2011 30%)	436	302
Tax on Share of Associate Loss	-	-
Tax On Non-Deductible Expenses	3	2
Deferred Tax Adjustment to 28%	-	6
Effective Tax Rate	28.2% <u>439</u>	30.8% <u>310</u>

Income Tax Expense Reported In:
Statement of Comprehensive Income

439 310

(c) Deferred Income Tax – Parent and Group

All deferred tax balances are expected to be recovered or settle after 12 months. Recognised deferred tax assets and liabilities are attributable to the following:

<u>Deferred Tax Asset</u>	Employee Benefits	Other	Total
	\$	\$	\$
Deferred Tax Asset at 1 July 2010	57	20	77
Charged to Income	4	19	23
Change in tax rate adjustment	(4)	(3)	(7)
	57	36	93
Deferred Tax Asset at 30 June 2011	57	36	93
Charged to Income	(4)	35	31
	53	71	124
Deferred Tax Asset at 30 June 2012	53	71	124

	Group 2012 (\$000)	Group 2011 (\$000)	Parent 2012 (\$000)	Parent 2011 (\$000)
5 Contd. Taxation				
			Accelerated Amortisation Of Buildings For Tax Purposes	Other Total
<u>Deferred Tax Liability</u>			\$	\$
Deferred Tax Liability 1 July 2010		(895)	(11)	(906)
Charged to Income		-	-	-
Change in tax rate adjustment		-	1	1
Deferred Tax Liability 30 June 2011		(895)	(10)	(905)
Charged to Income		23	2	25
Deferred Tax Liability 30 June 2012		(872)	(8)	(880)

(d) Current Tax Assets and Liabilities

The current tax asset/(liability) represents the amount of income tax refundable or payable in respect of the current and prior periods.

6. Imputation Credit Account

Opening Balance at start of period	3,272	3,017	3,064	2,980
Group Adjustment	-	165	-	-
Net Payment to Inland Revenue	286	74	(96)	74
RWT Credits on Interest Income	14	16	8	10
Imputation Credits on Dividends Paid	-	-	-	-
Closing Balance at end of period	<u>3,572</u>	<u>3,272</u>	<u>2,976</u>	<u>3,064</u>

7. Reconciliation of Operating Surplus with Cash Flow From Operating Activities

Net Surplus after Taxation	1,118	696	1,215	754
Share of Associate	(56)	(23)	-	-
Provision for Rebates to Members	500	550	500	550
	<u>1,562</u>	<u>1,223</u>	<u>1,715</u>	<u>1,304</u>
<u>Adjust for Non-Cash items</u>				
Depreciation	311	369	306	363
Amortisation of Intangibles	245	253	244	252
(Gain)/Loss on Sale of Assets	(20)	39	(20)	39
<u>(Increase)/Decrease in Assets</u>				
Trade & Other Receivables	30	(2,900)	79	(2,900)
Inventory	231	(734)	327	(833)
Taxation Receivable	-	196	4	134
<u>Increase/(Decrease) in Liabilities</u>				
Trade Payables	254	3,352	75	3,303
Taxation Payable	19	48	-	-
Deferred Tax Movement	(56)	(17)	(56)	(17)
Other Payables	(53)	64	(71)	63
Item Reclassified as Financing Activity	-	-	(450)	(300)
Net Cash Flows from Operating Activities	<u>2,523</u>	<u>1,893</u>	<u>2,153</u>	<u>1,408</u>

	Group 2012 (\$000)	Group 2011 (\$000)	Parent 2012 (\$000)	Parent 2011 (\$000)
8. Share Capital				
<u>Issued</u>				
Ordinary Shares	2,000	2,000	2,000	2,000
Deferred Shares	4,000	4,000	4,000	4,000
	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
<u>Unallotted</u>				
Ordinary Shares	663	689	663	689
Deferred Shares	1,559	1,258	1,559	1,258
	<u>2,222</u>	<u>1,947</u>	<u>2,222</u>	<u>1,947</u>
<u>Allotted</u>				
Ordinary Shares	1,337	1,311	1,337	1,311
Deferred Shares	2,441	2,742	2,441	2,742
	<u>3,778</u>	<u>4,053</u>	<u>3,778</u>	<u>4,053</u>

Ordinary Shares

In accordance with the Rules of Ashburton Trading Society Limited (the Rules), each member of the Society is required to hold such number of shares in the Society as fixed by the Board (currently 500 ordinary shares). Ordinary shares are issued and redeemed at the nominal value of \$1 for each share. All ordinary shares rank equally with one vote for each financial member of the Society. Ordinary shares are entitled to a pro rata share of any surplus on wind-up of the Society.

Deferred Shares

Deferred shares are issued in accordance with the Rules at the discretion of the Board as part of the settlement for annual rebates to members. Deferred shares are issued and redeemed at the nominal value of \$1 for each share. Deferred shares do not carry an entitlement to vote but qualify for dividends at the discretion of the Board and a pro rata share of any surplus on wind-up of the Society. Deferred shares are repaid to members at the discretion of the Board.

Withdrawal of Members

A member may withdraw from the Society by providing notice in writing of their intention to withdraw once the Board has consented to their withdrawal. The Rules state that the Board has absolute discretion to either accept or decline the withdrawal of a member. Accordingly, repayment of ordinary and deferred shares is at the discretion of the Society, not the member. For this reason, ordinary and deferred shares have been classified as equity.

	Group 2012 (\$000)	Group 2011 (\$000)	Parent 2012 (\$000)	Parent 2011 (\$000)
9. Movement in Capital				
Share Capital at start of period	1,311	1,270	1,311	1,270
New Members at \$1 per share	50	56	50	56
Less Redemptions During Period	<u>(24)</u>	<u>(15)</u>	<u>(24)</u>	<u>(15)</u>
Share Capital Issued and Paid Up at end of period	<u>1,337</u>	<u>1,311</u>	<u>1,337</u>	<u>1,311</u>
Deferred Shares Brought Forward	2,742	2,933	2,742	2,933
Less 2001 Shares Paid Out	(277)	(176)	(277)	(176)
Less Paid Out Withdrawals	(24)	(15)	(24)	(15)
Plus Deferred Rebates				
Converted for 2012 (Note 4)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Shares Balance	<u>2,441</u>	<u>2,742</u>	<u>2,441</u>	<u>2,742</u>
Total Capital at end of period	<u><u>3,778</u></u>	<u><u>4,053</u></u>	<u><u>3,778</u></u>	<u><u>4,053</u></u>
10. Movement in Retained Earnings				
Retained Earnings at start of period	6,308	5,612	6,223	5,469
Net Surplus for Period	<u>1,118</u>	<u>696</u>	<u>1,215</u>	<u>754</u>
Retained Earnings at end of period	<u><u>7,426</u></u>	<u><u>6,308</u></u>	<u><u>7,438</u></u>	<u><u>6,223</u></u>
11. Trade Payables				
Trade Creditors	15,182	14,928	14,847	14,737
Intercompany Payables (Note 20)	<u>-</u>	<u>-</u>	<u>8</u>	<u>43</u>
	<u><u>15,182</u></u>	<u><u>14,928</u></u>	<u><u>14,855</u></u>	<u><u>14,780</u></u>

12. Provisions for Employee Entitlements – Group & Parent

	Vested Leave (\$000)	Other (\$000)	Total (\$000)
Opening Balance 1 July 2010	173	152	325
Additional Provision Recognised	263	39	302
Reduction Arising from Payments	(218)	-	(218)
Reductions Arising from Staff Terminations	(15)	-	(15)
Balance at 30 June 2011	<u>203</u>	<u>191</u>	<u>394</u>
Additional Provision Recognised	217	-	217
Reduction Arising from Payments	(205)	(55)	(260)
Reductions Arising from Staff Terminations	(28)	-	(28)
Balance at 30 June 2012	<u>187</u>	<u>136</u>	<u>323</u>
Disclosed as a Current Liability	<u>187</u>	<u>136</u>	<u>323</u>

Unvested long service leave has not been accrued on the basis it is not material.

13. Financial Instruments

The risks arising from the group's Financial Instruments are interest rate risk, credit risk and liquidity risk. The board reviews and agrees policies for each of these risks and these are summarised below.

Market Risk – Interest Rate Risk

The group is exposed to interest rate risk related to funds deposited with and borrowings from external parties. This risk is managed by the group maintaining an appropriate mix between fixed short-term and floating on call interest rate deposits.

Short term deposits are all call funds at balance date (2011 was call) with interest rates ranging from 2.50% to 2.50 % (2011 3.0% to 3.5%). The group has access to a Multi-Option Committed Cash Advance Facility (CCAF) up to an amount of \$5,000,000 (2011 \$5,000,000). The interest rate applicable to this facility is the prevailing bank CCAF rate at the time of drawdown. There was \$1,000,000 drawn down against this facility as at 30 June 2012 (2011 \$1,600,000). The group has access to a \$500,000 overdraft facility (2011 \$500,000). The interest rate applicable to this facility is the prevailing Market Connect Overdraft Base Rate plus a margin of 1.25%. There was \$Nil drawn down on this facility at 30 June 2012 (2011 \$Nil).

Term loans have current interest rates and maturity dates as follows:

Interest Rate	Maturity Date	2012	2011
5.48%	30 Apr 2015	1	252,778
		Group 2012 (\$000)	Group 2011 (\$000)
		Parent 2012 (\$000)	Parent 2011 (\$000)
The Loans are repayable as follows:			
Current Liability		1,003	1,683
Non-Current Liability		-	169
Balance Owing At End of Period		<u>1,003</u>	<u>1,852</u>

Group 2012 (\$000)	Group 2011 (\$000)	Parent 2012 (\$000)	Parent 2011 (\$000)
--------------------------	--------------------------	---------------------------	---------------------------

13 Contd. Financial Instruments

Interest Rate Sensitivity

This analysis has been determined based on the exposure to interest rates for bank deposits at the balance sheet date with the changes stipulated taking place at the beginning of the financial period and being held constant throughout the period for deposits with floating rates. Had interest rates been either 0.5% higher or lower, and all other variables been held constant, the group's profit would have increased (or decreased) by approximately \$2,904 (2011 \$821).

Credit Risk Exposure

Maximum exposures to credit risk at Balance date are:

Cash and Cash Equivalents	578	858	153	353
Trade Receivables	14,751	14,920	14,700	14,896
Interest in Associate	409	59	365	54
Advance	358	41	358	41
	<u>16,096</u>	<u>15,878</u>	<u>15,576</u>	<u>15,344</u>

Funds on short term deposit are held with reputable banks. The group is not exposed to any concentrations of credit risk although the group deals principally in the farming industry sector. No collateral is held on any financial instrument. The largest balance debtor owing at end of the period is \$132,084 (2011 \$173,170). Funds deposited with Bank of New Zealand Limited total \$154,970 (2011 \$347,975).

Accounts in the name of co-operative members make up the majority of trade receivables. Credit risk is managed by review of credit checks for all new membership applications and regular monitoring of account balances for compliance with the Society's credit policy.

Liquidity Risk

The group's objective is always to maintain a balance between continuity and flexibility of funding through maintaining an appropriate mix between fixed short-term and floating "on call" interest rate deposits.

The group manages its liquidity to ensure it is able to meet its obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Directors, who have provided management with a framework for the Society's medium and long term financial management.

The group has entered into a joint, all obligations (interlocking) guarantee to a maximum of \$640,000 in respect of the overdraft facility of its subsidiaries (2011 \$640,000) and \$607,000 in respect of the overdraft facility of its associate Watermetrics NZ Ltd (2011 \$205,000). 60% of the guarantee for Watermetrics NZ Ltd is cross guaranteed to ATS by the other Watermetrics NZ Ltd shareholders.

	(\$000)	(\$000)	(\$000)
Contractual Maturity Analysis		Greater	
Loans and Receivables - Parent	Less than	than	Total
At 30 June 2012	1 year	1 year	
Bank Deposits	153	-	153
Trade Receivables	14,700	-	14,700
	<u>14,853</u>	<u>-</u>	<u>14,853</u>
At 30 June 2011			
Bank Deposits	353	-	353
Trade Receivables	14,896	-	14,896
	<u>15,249</u>	<u>-</u>	<u>15,249</u>

13 Contd. Financial Instruments

	Less than 1 year	Greater than 1 year	Total
Loans and Receivables - Group			
At 30 June 2012			
Bank Deposits	578	-	578
Trade Receivables	14,751	-	14,751
	<u>15,329</u>	<u>-</u>	<u>15,329</u>
At 30 June 2011			
Bank Deposits	858	-	858
Trade Receivables	14,920	-	14,920
	<u>15,778</u>	<u>-</u>	<u>15,778</u>
Liabilities at Amortised Cost - Parent			
At 30 June 2012			
Bank and other Borrowings	1,003	-	1,003
Trade Payables	14,855	-	14,855
	<u>15,858</u>	<u>-</u>	<u>15,858</u>
At 30 June 2011			
Bank Borrowings	1,683	169	1,852
Trade Payables	14,780	-	14,780
	<u>16,463</u>	<u>169</u>	<u>16,632</u>
Liabilities at Amortised Cost - Group			
At 30 June 2012			
Bank and other Borrowings	1,003	-	1,003
Trade Payables	15,182	-	15,182
	<u>16,185</u>	<u>-</u>	<u>16,185</u>
At 30 June 2011			
Bank Borrowings	1,683	169	1,852
Trade Payables	14,928	-	14,928
	<u>16,611</u>	<u>169</u>	<u>16,780</u>

The fair value of all financial instruments does not differ materially from carrying amounts.

14. Investment in Subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described on page 2.

	Group 2012	Group 2011
Pro-Active NZ Limited	100%	100%
ATS Fuel Limited	100%	100%
Shares at Cost:	(\$000)	(\$000)
Pro-Active NZ Limited	418	418
ATS Fuel Limited	2	2

Pro-Active NZ Limited is incorporated in New Zealand and has a 30 June balance date. The principal activity of Pro-Active NZ Limited is chemical wholesale. Its net profit after tax for the period was \$219,858 (2011 \$179,966) and net assets are \$302,481 (2011 \$432,624).

14 Contd Investment in Subsidiary

ATS Fuel Limited is incorporated in New Zealand and has a 30 June balance date. The principal activity of ATS Fuel Limited is fuel retail. Its net profit after tax for the period was \$92,340 (2011 \$46,795) and net assets are \$68,049 (2011 \$75,709).

15. Investment in Associates

Ashburton Trading Society has a 40% interest in Watermetrics NZ Limited (2011 50%). Watermetrics NZ Limited is incorporated in New Zealand. The principal activity of Watermetrics NZ Limited is water meter wholesale and retail. Watermetrics NZ Limited has a 30 June balance date and is unaudited. The share of surpluses taken up is disclosed in the Statement of Comprehensive Income. The directors are not aware of any significant events or transactions since Watermetrics NZ Limited balance date. Watermetrics NZ Limited share capital is \$70,000.

Ashburton Trading Society has a 45% interest in Coulter Seeds Limited (2011 NIL). Coulter Seeds Limited is incorporated in New Zealand. The principal activity of Coulter Seeds Limited is seed dressing, mixing, and treatment. Coulter Seeds Limited has a 31 March balance date and is unaudited. The share of surpluses taken up is disclosed in the Statement of Comprehensive Income. The directors are not aware of any significant events or transactions since Coulter Seeds Limited balance date. Coulter Seeds Limited share capital is \$1,000.

	Group 2012 (000)	Group 2011 (000)	Parent 2012 (000)	Parent 2011 (000)
Shares in Associates				
Watermetrics NZ Limited	28	35	28	35
Coulter Seeds Limited	1	-	1	-

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity.

	Interest Held by Consolidated Group		Consolidated Carrying Amount	
	2012 %	2011 %	2012 (\$000)	2011 (\$000)
Watermetrics NZ Limited	40%	50%	105	59
Coulter Seeds Limited	45%	-	315	-

Summarised financial information in respect of the Group's associates is set out below:

	Group 2012 (\$000)	Group 2011 (\$000)
Balance Sheet		
Total assets	2,194	822
Total liabilities	1,250	731
Net assets	944	91
Group's share of net assets of associate	414	45
Statement of Comprehensive Income		
Total revenue	3,037	1,906
Total Profits/(Loss) for the period before tax	143	78
Group's share of Profits/(Loss) before tax of associates	56	23
Income tax	(16)	-
Recognised Profit/(Loss)	49	23

15 Contd. Investment in Associates

Movements in Carrying Amount	Group 2012 (\$000)	Group 2011 (\$000)	Parent 2012 (\$000)	Parent 2011 (\$000)
Shares at Cost	365	54	365	54
Balance At Start of Period	59	36	54	54
Shares of Recognised Revenues and Expenses	49	23	-	-
Share of Dividends	-	-	-	-
Shares Purchased	322	-	322	-
Disposals	(21)	-	(11)	-
Balance At End of Period	<u>409</u>	<u>59</u>	<u>365</u>	<u>54</u>

16. Property, Plant & Equipment

a) Parent	Land & Buildings (\$000)	Equip- ment (\$000)	Vehicles (\$000)	Work in Progress (\$000)	Total (\$000)
As At 1 July 2010					
Cost	6,018	1,359	493	70	7,940
Accumulated Depreciation	(1,049)	(928)	(375)	-	(2,352)
Carrying Amount 1 July 2010	<u>4,969</u>	<u>431</u>	<u>118</u>	<u>70</u>	<u>5,588</u>
Period Ended 30 June 2011					
Carrying Amount 1 July 2010	4,969	431	118	70	5,588
Acquisitions	253	120	35	(61)	347
Disposals	(1)	(10)	-	(9)	(20)
Depreciation Expense	(137)	(177)	(49)	-	(363)
Carrying Amount 30 June 2011	<u>5,084</u>	<u>364</u>	<u>104</u>	<u>-</u>	<u>5,552</u>
As At 1 July 2011					
Cost	6,262	1,302	528	-	8,092
Accumulated Depreciation	(1,178)	(938)	(424)	-	(2,540)
Carrying Amount 1 July 2011	<u>5,084</u>	<u>364</u>	<u>104</u>	<u>-</u>	<u>5,552</u>
Period Ended 30 June 2012					
Carrying Amount 1 July 2011	5,084	364	104	-	5,552
Acquisitions	63	61	198	141	463
Disposals	(1)	(5)	(28)	-	(34)
Depreciation Expense	(142)	(115)	(49)	-	(306)
Carrying Amount 30 June 2012	<u>5,004</u>	<u>305</u>	<u>225</u>	<u>141</u>	<u>5,675</u>
As At 30 June 2012					
Cost	6,314	1,340	612	141	8,407
Accumulated Depreciation	(1,310)	(1,035)	(387)	-	(2,732)
Carrying Amount 30 June 2012	<u>5,004</u>	<u>305</u>	<u>225</u>	<u>141</u>	<u>5,675</u>

16Contd. **Property, Plant & Equipment**

b) Group	Land & Buildings (\$000)	Equip- ment (\$000)	Vehicles (\$000)	Work in Progress (\$000)	Total (\$000)
As At 1 July 2010					
Cost	6,086	1,379	493	70	8,028
Accumulated Depreciation	(1,064)	(945)	(374)	-	(2,383)
Carrying Amount 1 July 2010	<u>5,022</u>	<u>434</u>	<u>119</u>	<u>70</u>	<u>5,645</u>
Period Ended 30 June 2011					
Carrying Amount 1 July 2010	5,022	434	119	70	5,645
Acquisitions	252	121	35	(61)	347
Disposals	(1)	(11)	-	(9)	(21)
Depreciation Expense	(143)	(177)	(49)	-	(369)
Carrying Amount 30 June 2011	<u>5,130</u>	<u>367</u>	<u>105</u>	<u>-</u>	<u>5,602</u>
As At 30 June 2011					
Cost	6,330	1,312	529	-	8,171
Accumulated Depreciation	(1,200)	(945)	(424)	-	(2,569)
Carrying Amount 30 June 2011	<u>5,130</u>	<u>367</u>	<u>105</u>	<u>-</u>	<u>5,602</u>
Period Ended 30 June 2012					
Carrying Amount 1 July 2011	5,130	367	105	-	5,602
Acquisitions	63	61	197	141	462
Disposals	(1)	(5)	(28)	-	(34)
Depreciation Expense	(147)	(115)	(49)	-	(311)
Carrying Amount 30 June 2012	<u>5,045</u>	<u>308</u>	<u>225</u>	<u>141</u>	<u>5,719</u>
As At 30 June 2012					
Cost	6,382	1,350	612	141	8,485
Accumulated Depreciation	(1,337)	(1,042)	(387)	-	(2,766)
Carrying Amount 30 June 2012	<u>5,045</u>	<u>308</u>	<u>225</u>	<u>141</u>	<u>5,719</u>

Term Loans from the Bank of New Zealand are secured by Registered Mortgage over properties situated at 97-117 Burnett Street, Ashburton, 130 Havelock Street Ashburton and 68-74 Elizabeth Avenue Rakaia plus a Registered Debenture over the assets and undertakings of the company.

17. Intangibles – Parent

	Software Licenses (\$000)	Total (\$000)
Cost	816	816
Accumulated Amortisation and Impairment	<u>(567)</u>	<u>(567)</u>
Net Book Amount 30 June 2012	<u>249</u>	<u>249</u>
Net Book Amount 30 June 2010	333	333
Additions	333	333
Impairment	-	-
Disposals	(14)	(14)
Amortisation charge	<u>(252)</u>	<u>(252)</u>
Net Book Amount 30 June 2011	400	400
Additions	93	93
Impairment	-	-
Disposals	-	-
Amortisation charge	<u>(244)</u>	<u>(244)</u>
Net Book Amount 30 June 2012	<u>249</u>	<u>249</u>

Intangibles – Group	Patents (\$000)	Software Licenses (\$000)	Total (\$000)
Cost	8	816	824
Accumulated Amortisation and Impairment	<u>(4)</u>	<u>(567)</u>	<u>(571)</u>
Net Book Amount 30 June 2012	<u>4</u>	<u>249</u>	<u>253</u>
Net Book Amount 30 June 2010	6	333	339
Additions	-	333	333
Impairment	-	-	-
Disposals	-	(14)	(14)
Amortisation Charge	<u>(1)</u>	<u>(252)</u>	<u>(253)</u>
Net Book Amount 30 June 2011	5	400	405
Additions	-	93	93
Impairment	-	-	-
Disposals	-	-	-
Amortisation Charge	<u>(1)</u>	<u>(244)</u>	<u>(245)</u>
Net Book Amount 30 June 2012	<u>4</u>	<u>249</u>	<u>253</u>

	Group 2012 (\$000)	Group 2011 (\$000)	Parent 2012 (\$000)	Parent 2011 (\$000)
18. Cash & Cash Equivalents				
Funds in Bank	153	207	149	40
Imprest Advances	3	3	2	2
Short Term Deposits	422	648	2	311
Total Cash Balance as reported in the Statement of Cash Flows	<u>578</u>	<u>858</u>	<u>153</u>	<u>353</u>

19. Trade & Other Receivables				
Trade Receivables	14,751	14,920	14,700	14,896
GST	43	-	21	-
Prepayments	199	103	199	103
Other	8	8	8	8
Total Debtors	<u>15,001</u>	<u>15,031</u>	<u>14,928</u>	<u>15,007</u>

As of 30 June 2012, trade receivables of \$123,869 (2011 \$94,824) were past due but not impaired.

Past Due But Not Impaired

2 – 3 Months	12	20	12	20
Greater Than 3 Months	5	36	5	36
	<u>17</u>	<u>56</u>	<u>17</u>	<u>56</u>

Movement in the allowance of doubtful debts

Balance at 1 July 2011	39	64	39	64
Impairment losses recognised on receivables	31	22	31	22
Amounts written off as uncollectible	(5)	(47)	(5)	(47)
Amounts recovered during the year	-	-	-	-
Impairment losses reversed	(34)	-	(34)	-
Balance at 30 June 2012	<u>31</u>	<u>39</u>	<u>31</u>	<u>39</u>

	2012	2011
	Parent	Parent
	(\$000)	(\$000)

20. Related Party Transactions

Pro-Active NZ Limited

During the period there have been material transactions between Ashburton Trading Society Limited and its subsidiary, Pro-Active NZ Limited, as follows:

Goods Purchased from Pro-Active NZ Ltd	2,458	2,003
Management Fee Received	40	40
Amounts Payable	8	43
Amounts Receivable	4	-

ATS Fuel Limited

During the period there have been material transactions between Ashburton Trading Society Limited and its subsidiary, ATS Fuel Limited, as follows:

Amounts Receivable	-	-
Sales to Society Members	763	1,133

Watermetrics NZ Limited

During the period there have been material transactions between Ashburton Trading Society Limited and its associate, Watermetrics NZ Limited, as follows:

Goods Purchased from Watermetrics NZ Limited	1,263	776
Director Fees	3	3
Amounts Receivable	-	-
Amounts Payable	226	141
Cash Advance	41	41

Coulter Seeds Limited

During the period there have been material transactions between Ashburton Trading Society Limited and its associate, Coulter Seeds Limited, as follows:

Sales to Society Members	170	-
Cash Advance	316	-
Director Fees	-	-
Amounts Receivable	-	-
Amounts Payable	16	-

Key Personnel & Directors

Short-term remuneration to key management personnel and directors during the period totalled \$959,327 (2011 \$926,028).

All directors and staff of the Society hold ATS cards and transact with ATS on the same basis as other members.

21. Capital Management

The objective of the group when managing capital is to safeguard the group's ability to continue as a going concern so it can continue to reduce member farm input costs and to maintain a strong capital base to support the development of the group. This is achieved through a mix of member funds and bank facilities.

Bank facilities attach covenants to maintain shareholder funds at a minimum of 30.0% of total tangible assets at balance date, bank working capital facilities are to be covered by a minimum debtor and stock ratio of 2.0 at all times, to be measured annually at balance date, and annual financial accounts are to be provided within 180 days of balance date. There have been no breaches during or at the end of the period.

22. Contingent Liabilities

The group has entered into a joint, all obligations (interlocking) guarantee to a maximum of \$610,000 in respect of the overdraft facility of its subsidiary Pro-Active NZ Ltd (2011 \$610,000); \$30,000 in respect of the overdraft facility of its subsidiary ATS Fuel Ltd (2011 \$30,000) and \$607,000 in respect of the overdraft facility of its associate Watermetrics NZ Ltd (2011 \$205,000).

There are no other contingent liabilities at balance date (2011 Nil).

23. Commitments for Expenditure

Capital Commitments

There is no capital expenditure contracted for at balance date (2011 Nil).

Lease Commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 3.

There are no other capital commitments at balance date (2011 Nil).

24. Events Subsequent to Balance Date

No significant events have occurred subsequent to balance date.



Independent Auditors' Report to the shareholders of Ashburton Trading Society Limited

Report on the Financial Statements

We have audited the financial statements of Ashburton Trading Society Limited ("the Company") on pages 1 to 26, which comprise the balance sheet as at 30 June 2012, the statements of comprehensive income and statements of changes in equity and members' interests and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 30 June 2012 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, 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 Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditors we have no relationship with, or interests in, Ashburton Trading Society Limited or any of its subsidiaries.



Independent Auditors' Report

Ashburton Trading Society Limited

Opinion

In our opinion, the financial statements on pages 1 to 26:

- (i) comply with generally accepted accounting practice in New Zealand; and
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the financial position of the Company and the Group as at 30 June 2012, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2012:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

Chartered Accountants
19 September 2012

Christchurch