

# NICHOLS POULTRY PTY LTD

ABN 092 929 890

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Financial Statements For the Year Ended 30 June 2015



## NICHOLS POULTRY PTY LTD

### Financial Statements Contents

For The Year Ended 30 June 2015

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# NICHOLS POULTRY PTY LTD

## Profit and Loss Statement

For The Year Ended 30 June 2015

	Notes	2015 \$	2014 \$
<b>Income</b>		<b>22,034,762</b>	<b>18,865,863</b>
<b>Total Cost of Goods Sold</b>		<b>11,333,183</b>	<b>10,408,128</b>
<b>Direct Expenses</b>		<b>2,711,155</b>	<b>2,094,325</b>
<b>Gross Profit</b>		<b>7,990,424</b>	<b>6,363,410</b>
		<b>36.26%</b>	<b>33.73%</b>
Other Income		187,848	362,085
<b>Expenses</b>			
Advertising		15,713	24,567
Consultancy Fees		145,666	118,245
Insurance		250,688	251,554
Employment Costs		7,215,380	5,580,564
Occupancy		490,192	393,242
Repairs & Maintenance		126,896	265,470
Other Expenses		631,796	762,767
<b>Total Expenses</b>		<b>8,876,331</b>	<b>7,396,409</b>
<b>EBITDA</b>		<b>(698,059)</b>	<b>(670,914)</b>
Depreciation		257,158	245,362
<b>EBIT</b>		<b>(955,217)</b>	<b>(916,276)</b>
Interest Paid		147,123	132,651
Interest Received		9,848	5,898
<b>Net Profit/(Loss) Before Income Tax</b>		<b>(1,092,492)</b>	<b>(1,043,029)</b>
Income Tax Benefit	2	306,951	326,618
<b>Profit (Loss) After Income Tax</b>		<b>(785,541)</b>	<b>(716,411)</b>
<b>Retained profits (Accumulated Losses) at the beginning of the Period</b>		<b>331,045</b>	<b>1,149,456</b>
<b>Total Available for Appropriation (Deficit)</b>		<b>(454,496)</b>	<b>433,045</b>
Dividends paid or proposed		-	102,000
<b>Retained Profits (Accumulated Losses) at the end of the Period</b>		<b>(454,496)</b>	<b>331,045</b>

These statements should be read in conjunction with the Notes to the Financial Statements and are subject to the Auditor's Report.

# NICHOLS POULTRY PTY LTD

## Balance Sheet

As at 30 June 2015

	Notes	2015 \$	2014 \$
<b>Current Assets</b>			
Cash & Cash Equivalents	3	561	57
Trade & Other Receivables	4	1,633,189	1,734,654
Inventories	5	877,544	840,553
<b>Total Current Assets</b>		<b>2,511,295</b>	<b>2,575,265</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	6	3,420,879	3,008,027
Intangible Assets	7	81,880	81,880
Deferred Tax Asset	2	883,824	576,873
<b>Total Non-Current Assets</b>		<b>4,386,583</b>	<b>3,666,779</b>
<b>TOTAL ASSETS</b>		<b>6,897,877</b>	<b>6,242,044</b>
<b>Current Liabilities</b>			
Trade & Other Payables	8	4,632,330	3,220,362
Borrowings	9	1,578,384	1,581,277
Provisions	10	213,769	190,090
<b>Total Current Liabilities</b>		<b>6,424,483</b>	<b>4,991,729</b>
<b>Non-Current Liabilities</b>			
Borrowings	9	884,389	894,006
Provisions	10	43,490	25,252
<b>Total Non-Current Liabilities</b>		<b>927,879</b>	<b>919,258</b>
<b>TOTAL LIABILITIES</b>		<b>7,352,362</b>	<b>5,910,987</b>
<b>NET ASSETS</b>		<b>(454,484)</b>	<b>331,057</b>
<b>Equity</b>			
Share Capital	11	12	12
Retained Earnings/(Accumulated Losses)		(454,496)	331,045
<b>TOTAL EQUITY</b>		<b>(454,484)</b>	<b>331,057</b>

These statements should be read in conjunction with the Notes to the Financial Statements and are subject to the Auditor's Report.

## NICHOLS POULTRY PTY LTD

### Notes to the Financial Statements

For the Year Ended 30 June 2015

	2015	2014
	\$	\$

#### 1 Basis of Preparation

The Company is non-reporting since there are unlikely to be any users who would rely on the general purpose financial statements.

The special purpose financial statements have been prepared in accordance with the significant accounting policies described below and comply with Australian Accounting Standards.

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

##### a) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to Nichols Poultry and the revenue can be reliably measured. All revenue is stated net of the amount of GST. The following specific criteria must also be met before revenue is recognised:

###### *Sale of Goods*

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

###### *Interest*

Interest is recognised using the effective interest method.

###### *Other Income*

Other income is recognised on an accruals basis when the Company is entitled to it.

##### b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions.

##### c) Trade and other receivables

Trade receivables, which generally have 7 – 30 day terms, are recognised at fair value, less impairment allowance. Collectability of trade receivables is reviewed on an ongoing basis and Individual debts that are known to be uncollectible are written off when identified.



## NICHOLS POULTRY PTY LTD

### Notes to the Financial Statements

For the Year Ended 30 June 2015

	2015	2014
	\$	\$

#### d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and comprises all costs of purchasing cost of raw materials direct labour and any other cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimates of costs of completion and selling expenses. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related turnover is recognised.

Included within inventory are biological assets consisting of poultry. Biological assets are measured on initial recognition and at each reporting date at their fair value less estimated point of sale costs. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs.

The fair value of a biological asset is based on its present location and condition. If an active or other effective market exists for a biological asset or agricultural produce in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of the asset. Where there exists access to different markets, the most relevant market is used, being defined as the market 'that access is available to the entity', which is used at the time fair value is established.

If an active market does not exist then one of the following methods is applied:

- (a) the most recent transaction price, provided there has not been a significant change in economic circumstances between the date of the transaction and the end of the reporting period; or
- (b) market prices, in markets accessible to the entity, for similar assets with adjustments to reflect differences; or
- (c) sector benchmarks.

In the event that fair value cannot be measured reliably, biological assets are measured at cost.

#### e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The depreciable amount of all fixed assets is recognised on either a straight line or diminishing value basis over the asset's estimated useful life to the Company, commencing from the time the assets is held ready for use.

The useful life and depreciation method for each class of depreciable assets is:

Class of Fixed Asset	Useful Life
Buildings (on a diminishing value basis)	20 – 55 years
Buildings (on a straight line basis)	40 years
Plant and Equipment (on a diminishing value basis)	10 - 20 years
Motor Vehicle (on a diminishing value basis)	9 years

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

## NICHOLS POULTRY PTY LTD

### Notes to the Financial Statements

For the Year Ended 30 June 2015

	2015	2014
	\$	\$

#### f) Intangible assets and goodwill

An intangible non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried as cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised.

##### *Goodwill*

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of the Company's share of their identifiable net assets and contingent liabilities at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised as intangible assets and is tested at least annually for impairment (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired) and carried at cost less accumulated impairment losses.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill has been allocated. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

##### *Water Rights*

Water licences are recognised at cost less impairment losses. Water licences are held for an indefinite period and have an indefinite useful life. Due to their nature they are not subject to amortisation, but are tested for impairment by comparing their recoverable amount with their carrying amount. Water licences are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. Water licences are leased as an integral part of investment property and are not held for trading purposes.

#### g) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, on temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting nor taxable profit or loss.



## NICHOLS POULTRY PTY LTD

### Notes to the Financial Statements

For the Year Ended 30 June 2015

	2015	2014
	\$	\$

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investment in subsidiaries except where the timing of the reversal of temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred taxes are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

#### **h) Trade and other payables**

Trade and other payables represent the liabilities for goods and services received by TasFoods that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### **i) Employee benefits**

##### *Employee entitlements*

Liabilities arising in respect of wages and salaries, annual leave, long service leave and any other employee benefits expected to be settled within 12 months of the end of the period are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Liabilities arising in respect of long service leave and annual leave which are not expected to be settled within 12 months of the end of the period are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the end of the period.

Employee benefit obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the period, regardless of when the actual settlement is expected to occur.



# NICHOLS POULTRY PTY LTD

## Notes to the Financial Statements

For the Year Ended 30 June 2015

	2015	2014
	\$	\$

### j) Critical accounting estimates and judgment

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates, though estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## 2 Income Tax Expense

### (a) Income tax expense reconciliation

#### Tax on continuing operations

Profit before income tax	(1,092,492)	(1,043,029)
Tax effect of:		
Prima facie income tax at 30%	(327,748)	(312,909)
- other reconciliation items	20,797	13,709
Income tax expense/(benefit)	(306,951)	(326,618)

### (b) The Components of Tax Expense comprise:

Current year tax expense/(income)	(290,296)	(304,522)
Origination and reversal of temporary differences	(16,655)	(22,096)
	(306,951)	(326,618)

### (c) Deferred Tax balances

Deferred Tax Asset	883,824	576,873
	883,824	576,873

## 3 Cash & Cash Equivalents

Cash on hand	350	0
Business Saver Account	0	57
Payroll Clearing Account	211	0
	561	57

## 4 Trade & Other Receivables

Trade Debtors	1,327,793	1,131,614
Other debtors	84,092	385,000
Fuel Tax Credit Receivable	2,266	0
GST Refundable	114,289	68,107
Garnishee Payments	787	802
Prepayments	76,684	136,735
Prepaid Borrowing Expenses	2,542	3,659
Loan - Blowing in the Wind Pty Ltd	24,736	8,736
	1,633,189	1,734,654



## NICHOLS POULTRY PTY LTD

### Notes to the Financial Statements

For the Year Ended 30 June 2015

	2015	2014
	\$	\$

#### 5 Inventories

Stock on Hand	877,544	840,553
	<u>877,544</u>	<u>840,553</u>

#### 6 Property, Plant & Equipment

Capital Work in Progress	262,149	-
	<u>262,149</u>	
Buildings	2,141,821	2,035,508
Less Accumulated Depreciation	(230,476)	(179,637)
	<u>1,911,345</u>	<u>1,855,871</u>
Plant And Equipment	2,473,368	2,262,426
Less Accumulated Depreciation	(1,397,122)	(1,215,369)
	<u>1,076,246</u>	<u>1,047,057</u>
Motor Vehicles	234,949	234,949
Less Accumulated Depreciation	(168,863)	(151,503)
	<u>66,086</u>	<u>83,446</u>
Office Plant & Equipment	122,136	117,736
Less Accumulated Depreciation	(103,517)	(96,715)
	<u>18,619</u>	<u>21,021</u>
Low value pool	2,174	1,283
Less accumulated depreciation	(1,055)	(651)
	<u>1,119</u>	<u>632</u>
Spare Parts Held on Hand	85,315	-
	<u>85,315</u>	
<b>Total Property, Plant &amp; Equipment</b>	<b>3,420,879</b>	<b>3,008,027</b>

#### 7 Intangible Assets

Formation Expenses	1,070	1,070
Goodwill	61,300	61,300
Patents and trademarks	8,208	8,208
Water Rights	11,302	11,302
	<u>81,880</u>	<u>81,880</u>



## NICHOLS POULTRY PTY LTD

### Notes to the Financial Statements

For the Year Ended 30 June 2015

	2015 \$	2014 \$
<b>8 Trade and Other Payables</b>		
Trade Creditors	4,277,618	2,982,728
Accrued Expenses	130,216	61,079
Payroll Tax Payable	60,539	94,284
PAYG Payable	61,298	53,671
Superannuation Payable	101,871	28,337
Staff Union Dues Payable	788	263
	<b>4,632,330</b>	<b>3,220,362</b>
<b>9 Financial Liabilities</b>		
<b>Current Financial Liabilities</b>		
Overdraft	1,219,417	1,316,693
Loans Related Parties		
- R & JN Nichols Family Trust	179,897	179,897
- R & J Nichols (2013)	(152,239)	(143,690)
- R & J Nichols	(23,119)	(21,820)
- R & J Nichols	(10,645)	-
	<b>(6,106)</b>	<b>14,387</b>
General Insurance Liability	85,229	84,851
Less: Unexpired Interest	(3,006)	(3,418)
	<b>82,223</b>	<b>81,434</b>
Asset Purchase Liabilities	311,705	200,336
Less Unexpired Interest	(28,855)	(31,573)
	<b>282,850</b>	<b>168,763</b>
<b>Total Current Financial Liabilities</b>	<b>1,578,384</b>	<b>1,581,277</b>
<b>Non-Current Financial Liabilities</b>		
Loan - ANZ Bank Loan	500,000	500,000
Asset Purchase Liabilities	418,307	436,948
Less Unexpired Interest	(33,918)	(42,942)
	<b>384,389</b>	<b>394,006</b>
<b>Total Non-Current Financial Liabilities</b>	<b>884,389</b>	<b>894,006</b>



# NICHOLS POULTRY PTY LTD

## Notes to the Financial Statements

For the Year Ended 30 June 2015

	2015	2014
	\$	\$

### 10 Provisions

#### **Current**

Provision for Annual Leave	174,858	151,120
Provision for Long Service Leave	38,911	38,970
	<u>213,769</u>	<u>190,090</u>

#### **Non-Current**

Provision for Long Service Leave	43,490	25,252
	<u>43,490</u>	<u>25,252</u>

### 11 Capital

Authorised Ordinary Shares	12	12
	<u>12</u>	<u>12</u>

## NICHOLS POULTRY PTY LTD

### Directors Declaration

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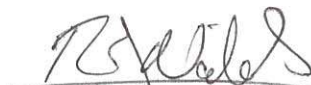
The director declares that the company is not a reporting entity. The director has determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The director of the company declares that:

1. financial position as at 30 June 2015 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. in the director's opinion there are reasonable grounds to believe that the company 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 director:

Director

  
Robert John Nichols

4 May 2016

## **INDEPENDENT AUDITOR'S REPORT**

To the members of Nichols Poultry Pty Ltd

### **Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report of Nichols Poultry Pty Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss for the year then ended, notes comprising a summary of significant accounting policies and the directors' declaration.

### **Directors' Responsibility for the Financial Report**

The directors of Nichols Poultry Pty Ltd are responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 to the financial report, is appropriate to meet the financial reporting requirements of the constitution and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those 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 judgement, 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 control relevant to the company'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 company'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.



## **Opinion**

In our opinion the financial report presents fairly, in all material respects, the financial position of Nichols Poultry Pty Ltd as at 30 June 2015, and its financial performance for the year then ended in accordance with Australian Accounting Standards to the extent described in Note 1.

## **Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the constitution. As a result, the financial report may not be suitable for another purpose.



**PKF**  
Chartered Accountants

Sydney

Dated: 18 May 2016



**SCOTT TOBUTT**  
Partner