

DISCLOSURE STATEMENT

Name of Trading Cooperative

Kanjini Co-Op Ltd.

dated 16-04-2015

DISCLOSURE STATEMENT

TABLE OF CONTENTS	Paragraph	Page
NAME OF TRADING COOPERATIVE		2
EXPLANATION OF THIS FORM		2
LIABILITY AND FINANCIAL INVOLVEMENT	1	3
WHO CAN BE A MEMBER OF THE COOPERATIVE	2	5
HOW WILL THIS COOPERATIVE PERFORM ITS ACTIVITIES	3	6
HOW WILL THIS COOPERATIVE BE MANAGED	4	7
DETAILED FINANCIAL INFORMATION	5	8
FURTHER INVESTIGATION		9
DISCLAIMER OF LIABILITY BY THE REGISTRY OF COOPERATIVES		9
ANNEXURES INCLUDING CASH FLOW, BUDGET FORECAST AND FORECAST PROFIT AND LOSS STATEMENT	6	10

NAME OF TRADING COOPERATIVE

Kanjini Co-Op Ltd.

LIABILITY AND FINANCIAL INVOLVEMENT

Section 70(2) of the Cooperatives Act states that "a member of a cooperative with a share capital is liable to the cooperative for the amount, if any, unpaid on the shares held by the member together with any charges payable by the member to the cooperative as required by the rules of the cooperative. Attach a list of rights and liabilities attaching to shares.

1 Details of Liability and financial involvement

1.1 Shares

1.1.a Full Share:

- i. Nominal value per full share: \$ 100,000.00
- ii. Can be paid off after a deposit of 20% (Interest payable on outstanding balances)
- iii. Dividends will be earned on the percentage of share value paid
- iv. Right to use an individual space at minimal maintenance contribution (see Maintenance Contribution Schedule)
- v. Full Voting rights
- vi. Ability to sell or trade the share as described in s18 Rules
- vii. Each member can hold only one full share or one foundation share

1.1.b Foundation Share:

- i. There are only eleven Foundation shares unless there are more than these numbers applying for full membership before or at the foundation meeting, in which case all of them will be foundation members.
- ii. Nominal value per foundation share: \$100,000.00
- iii. This class of share has all of the benefits and liabilities of a full share

This class of shares has the following additional benefits:

- iv. To acknowledge their contribution in forming the cooperative, foundation shareholders will receive non-specific bonus shares to the value of 15% of the part of their share that is paid up within three weeks of the acceptance of their membership application. These bonus investment shares will be issued only once the cooperative can issue sufficient bonus shares under [s 266(1) (b) and s 273 of the Act].
These bonus investment shares cannot be sold or traded until:
A) the foundation share is paid in full, and
B) the number of full shareholders is larger than the number of foundation shareholders, and
C) not earlier than five years after the formation meeting, unless the cooperative resolves at a general meeting that these bonus investment shares become tradable earlier.
- v. The prior approval in writing by at least 72% of active members who hold a foundation share is required before the board seeks the Registrar's approval of draft documents for a change of rules, winding up, takeover or merger of the cooperative. This last right is transferable onto any other full shareholder by notifying the Cooperative in writing. If a foundation share holder has not transferred this right before her/his death or as part of her/his will, the next general meeting will assign this right to another full share holder. No allocation of bonus investment shares is associated with this voting right and it's transfer (see s24(7) Rules)

1.1.c Introductory Share:

1. Nominal value per introductory share:\$ 10,000.00
2. This class of share is for people who intend to acquire, but do not have the deposit for a full share and are willing to work towards that aim
3. Can be paid off after a deposit of 20% (Interest payable on outstanding balances)
4. Introductory shares give the right to live on cooperative land at lower maintenance contribution (see Maintenance Contribution Schedule)
5. this share cannot be sold or transferred and expires after 33 months.

6. Before this type of share expires, the shareholder can elect to have the share value converted towards a deposit for a full share.
7. If the shareholder wishes to withdraw or is asked to leave, (s)he might apply for a refund, which cannot exceed the paid up value of the share minus any maintenance contributions saved as compared with a visitor. The cooperative can defer or refuse such refund if it would have to borrow money to do so.
8. An Introductory shareholder is an in-active member and as such has no voting rights until he/she becomes a full share holder (see 5. (1) (a) Rules).
9. An Introductory shareholder has the right to attend general meetings, but may speak only if invited to do so by a cooperative director.
10. This share does not earn any dividends.

1.1.d Investment shares

1. Nominal value per investment share: \$500.00
2. Only paid-up full members and foundation members can purchase additional investment shares
3. This class of shares must be paid in full
4. Ability to sell or trade the share as described in s18 Rules
5. The only limit to the number of investment shares a member can hold is that no member can hold more than 20% of the cooperative's total issued share value.
6. No voting right
7. Investment shares can be project targeted, non-specific or self-interest
 - (a) Project targeted

If all or part of a specific project is funded with the help of project targeted investment shares, an equivalent portion of net returns (profits) of that project will be distributed as follows, unless a general meeting decides on a different arrangement:
one third is kept by the cooperative and two thirds are paid as dividends to the project targeted shares associated with that specific project.
Project targeted shares will also receive general dividends.
 - (b) Non-specific

Non-specific investment share values will be doubled for dividend purposes (so a non-specific investment of 10,000 dollars will be treated as 20,000 dollars for dividend calculation purposes)
 - (c) Self-interest

If a project is of self interest (eg fixed asset to the members living space) the investment shares will not receive any dividends as long as they are used by that share holder.
Whenever the project becomes income producing for the cooperative (for example if the share-holder is on holidays and his/her accommodation is used in return for maintenance contributions), project targeted dividends will be paid on those shares.
8. If a project is funded by cooperative funds, 1/2 goes to all shares (all paid up portions of full shares plus all investment shares), 1/2 goes to the cooperative

1.1e Shares can be issued and/or traded, repurchased or repaid at a premium and the board may increase the premium on 1st October each year by the CPI of the previous financial year, and/or at any other time and by any other premium as the board may decide from time to time. [s147]

1.1f Interest earned on members paid-up share capital until the cooperative purchases its first property will be paid as dividends to those members within one month of the property purchase (proportional to time and amounts paid).

NOTE: as the cooperative has purchased three properties and as all interest earned on share capital before the purchase of our first property has been paid as

dividends, this clause is no longer relevant

1.2 Annual Subscriptions Levies etc.

\$ 1000.- for full and foundation shareholders and \$ 500.- for introductory share holders plus 10 hours/week of labour for residents (proportional for part-time residents) or as otherwise decided by a General Meeting.

NOTE: The subscription levies were raised by the 2012 AGM to \$ 1100.00 for full and foundation shareholders and \$ 550.00 for introductory shareholders

1.3 Outgoings, Charges

\$ N/A

1.4 Other

Application fee of \$ 150.- for Introductory, Foundation and Full shareholders (non-refundable). Application fee of \$10.- for Investment shares (no matter how many)

1.5 Any contracts, guarantees and indemnities, contingent liabilities, unresolved or pending law suits which the cooperative will assume once formed are listed below: (A copy of relevant contracts and other documents (if any) are to be included by way of annexure)**N/A**

1.6 Where an existing organisation is seeking to register as a cooperative, indicate its current name below and attach copies of the last two years' profit and loss accounts and balance sheet. **N/A**

2 WHO CAN BE A MEMBER OF THE COOPERATIVE

Active Membership: The Cooperatives Act, requires that a trading cooperative's rules specify in the way in which and the extent to which a member must use or support an activity of or maintain a relationship or arrangement with, the cooperative, for carrying on a primary activity of the cooperative (or a combination of primary activities). Members are obliged to use or support an activity, or activities, of a cooperative in order to retain the right to be a member, including the right to vote.

2.1 The cooperative's active membership rule identifies the cooperative's basic reason for existence, or primary activity or activities, as being:

- **Primary Production**
- **Providing accommodation for members and visitors**

2.2 and to maintain **active membership of the cooperative**, a member shall:

- a) Hold a minimum of one full or foundation share
- b) Commit to pay annual subscription levy as outlined in schedule 1.
- c) Keep up to date with payments due
- d) Commit to provide labour as per Labour and Food schedule (Disclosure Statement Annexe)
- e) Commit to maintenance contribution agreements as per Maintenance Distribution Schedule (Disclosure Statement Annexe)
- f) Provide a proxy when required
- g) Commit to abide by the rules
- h) Provide valid contact details to the cooperative
- i) Adhere to the Conflict Resolution Policy (Disclosure Statement Annexe and Schedule 2 to the Rules of the Cooperative)
- j) Abstain from stealing and/or physical violence on any property owned or leased by the cooperative

- k) Commit to participate in the equivalent of a one week residential social cohesion or personal growth workshop with all members once a year or as directed by the board

2.3 A cooperative may also have objects in addition to primary activities.

- Living together peacefully and cooperatively and with environmental and personal awareness
- Research, development, marketing and sale of alternative products and technology
- Showcasing Sustainable Development
- Educative and research facilities (see vision statement)
- Forestry

3 HOW THIS TRADING COOPERATIVE PERFORM ITS ACTIVITIES

The following demonstrates the need for the trading cooperative, the resources available and the benefits expected to flow from its formation.

3.1 The cooperative intends to carry out its Primary Activity(ies)/Objects as follows:

- Broad-acre food production using permaculture design and practices, bio-dynamics and other organic farming techniques
- To provide educative facilities for sustainable development and technology, agriculture and aquaculture, forestry, architecture and renewable energies
- To construct buildings on the cooperative's properties in harmony with the landscape and develop them for the benefit of future generations

3.2 The members will have the following role in the cooperative's functioning (*eg supply produce; use common services*)

The members shall provide financial resources and labour for the effective functioning of the cooperative.

3.3 The following physical resources will be used to carry out the activities of the cooperative (*eg office or factory space, furniture, equipment, plant, vehicles*).

Lot 66 and 67 on RP 896904 and lot 68 on RP 896905, all in the Parish of Danbulla, County of Nares in the State of Queensland, have been purchased, including:

One 3-4 bedroom house and one 2 bedroom cottage;

One 400 sqm industrial shed, one 8 bay machinery shed, one small green shed, one hay shed.

One 90HP tractor with 4in1 bucket, forks, slasher, grader-blade and rock bucket.

The Cooperative will construct more buildings for accommodation, production, education, storage, office and community facilities

The Cooperative will acquire more machinery, vehicles, plant, energy producing facilities and whatever other physical resources that are required to fulfil the aims of the cooperative

3.4 The following products or services are to be provided to members by the cooperative.

Accommodation (once available and with a Maintenance Contribution Agreement), utilities, food produced on cooperative land, reasonable access to cooperative assets and dividends where applicable.

4 HOW THIS COOPERATIVE IS MANAGED?

4.1 The board of directors or the members will meet at least once a month.

4.2 Board of Directors:

The names of those who have consented to be nominated for election as member directors to fill the positions provided for in the rules, being five in number, are shown below (Note: Directors must be over 18 years of age)

- (a) Name; Address
Occupation; Relevant Experience

Svargo Klaus Freitag; 303 Koah Rd, Kuranda QLD 4881
Company director & business manager

Suriya Suha Freitag; 303 Koah Rd, Kuranda QLD 4881,
Beautician, Marketing

Chaitanya Freitag; 35 Bondi Crescent, Kewarra Beach, QLD 4879
Tiler; managing work-sites & running a business

Christopher Iain Huth; unit 3/18 Miles Street, Clayfield, QLD 4011
Draftsman, Transport Logistics and Administration

- A. Will any of the promoters or any of the proposed directors or members have a direct or indirect interest in any contract or proposed contract with the cooperative, other than an interest in a contract referred to in section 230 of the Act? NO
- B. Will any of the proposed directors have a conflict of duty or interest within the provisions of section 227 of the Cooperatives Act 1997? If so, specify by way of annexure. NO

4.3 Day-to-Day Management

The name of the person who has agreed to be responsible to the board of directors for day-to-day management of the cooperative and brief details of his/her experience are as follows:

Suriya Suha Freitag, 303 Koah Rd, Kuranda 4881

no previous secretarial experience

Secretary is to be (X) paid, or () voluntary

Secretary is to be () full time or (X) part time

4.4 Accounting

The person named below has agreed to be responsible for general accounting and financial functions of the cooperative

Svargo Freitag, 303 Koah Rd, Kuranda QLD 4881

This person has the following qualifications and experience relevant to this responsibility or this person belongs to a firm having the following qualifications and experience: Property owner/manager; company director/manager;

Accounting is to be (X) paid, or () voluntary

Accounting is to be () full time or (X) part time

4.5 Auditing

(Note that the auditor must be a registered company auditor within the meaning of the Corporations Law, unless exempt under section 233 of this Act)

The person named below has agreed to be responsible for auditing the cooperative's accounts:

Paul Davis - Accountants and business advisers

Marino's Arcade, 70 Grafton Street, Cairns, QLD 4870

5 Detailed Financial Information

5.1 Funding

a) Internal Source of Funds

The number of persons who qualify for membership of the cooperative is currently six persons and one other approved entity.

A list of the people who are members and the number of shares each person is subscribing (if the number of persons is only 5) is shown as an annexure marked "Members and Shares" N/A

b) The total number of shares subscribed to by these persons is 7 shares

c) Total share Capital subscribed is \$ 700,000.00

Total entrance fees received are \$ 1,880.00

Total membership fees received are \$ 35,783.52

d) Total other charges \$....NIL.....

e) External Sources of Funds

If the cooperative is to use grants, subsidies, donations or other financial support to be viable, documents of funding received or requested should be given as an annexure marked "Grants and Subsidies". N/A

f) The cooperative has borrowed the following funds:

Loan from Bendigo Bank \$1,000,000.-

Loan from Surdham Pty Ltd \$400,000.-

Loan from Svargo K. Freitag \$515,707.50

and attach, as an annexure marked: "Loan Funds", a copy of the offer to extend finance and the terms of such loan(s).

5.2 Property and Assets

a) If the cooperative is to purchase property or major assets, indicate here the current market value of the property or assets:

Lot 66 and 67 on RP 896904 and lot 68 on RP 896905, all in the Parish of Danbulla, County of Nares has been purchased. They have been valued prior to purchase at \$1,900,000.-. Kanjini Co-Op exercised a first offer to purchase at the same price which another buyer offered to the vendor.

b) If arrangements have been made, or are under negotiation, to lease property or major assets by the cooperative, evidence of this availability should be shown as an annexure marked "Property - Assets - Leasehold) - N/A

c) Improvements to the property or assets (for example, renovations, furnishings, plant or equipment), if they are to be made, are estimated to cost:

\$ 4,200,000.-

Estimates for these costs are detailed in annexe "Property - Assets - Improvements"

d) Shown below are details of property or major assets other than any

property or major assets it will own or lease that the cooperative have the use of: N/A

(Evidence of such arrangements must be provided by a letter of authorisation from the owner).

5.3 Demand for Proposed Cooperative's Goods/Services

See attached ANNEXURE "Business Plan"

5.4 Formation Expenses

N/A

5.5. Forecast Cashflow Budget and Forecast Profits and Loss Statement

- a) Annexure "Cash Flow Budget Forecast" attached
- b) Annexure "Profit and Loss Forecast" attached

FURTHER INVESTIGATION:

Further investigation by the prospective member may be necessary. This disclosure statement is not necessarily a full statement of the liability and financial involvement of a prospective member. Prospective members please note the disclaimer below.

DISCLAIMER OF LIABILITY

No responsibility as to the contents of : (i) the Disclosure Statement and attachments and annexures that form part of this document; and (ii) the associated Rules which all collectively make up the formation documentation, is to be taken by the Registrar of Cooperatives, the Department of Justice and Attorney-General or by any of its servants or agents.

Each prospective member is advised to make any investigations (including the obtaining of professional advice) which that person believes to be necessary to satisfy himself or herself about the contents of this a formation documentation or the decision of whether or not to join the proposed trading cooperative.

It should be clearly known that the Registrar of Cooperatives, the Department of Justice and Attorney-General or any of its agents or servants are not engaged in the provision of legal or other professional services to the public, prospective members or cooperatives. If legal or other expert advice is required, the services of a competent professional person should be sought.

6 ANNEXURES

Show here which annexures are attached to this disclosure statement (tick appropriate boxes)

	Contracts Etc	<input type="checkbox"/> N/A	Feasibility Study	<input type="checkbox"/> N/A	
	Existing Organisation Accounts	<input type="checkbox"/> N/A	Business Plan Including - Loan Funds	<input type="checkbox"/> Yes Page 20	FIVE
	Activities	<input type="checkbox"/> N/A	Property - Assets - Freehold	<input type="checkbox"/> N/A	
	Board of Directors (see 4.2 above)	<input type="checkbox"/> N/A	Property - Assets - Leasehold	<input type="checkbox"/> N/A	
	Director/Promoter's Interest in Contract	<input type="checkbox"/> N/A	Property - Assets - Improvements	<input type="checkbox"/> Yes Page 24	SIX
	Auditors Letter	<input type="checkbox"/> N/A	Property - Assets - Other	<input type="checkbox"/> N/A	
ONE	Rights and Liabilities attaching to shares	<input type="checkbox"/> Yes Page 11	Annual Report 2013/14	<input type="checkbox"/> Yes Page 30	TEN
	Grants and Subsidies	<input type="checkbox"/> N/A	Cash Flow Budget Forecast	<input type="checkbox"/> Yes Page 25	SEVEN
	Active Membership requirements (see 2.2 above)	<input type="checkbox"/> N/A	Forecast P&L Statement	<input type="checkbox"/> Yes Page 26	EIGHT
	Market Research	<input type="checkbox"/> N/A	Conflict Resolution Policy	<input type="checkbox"/> Yes Page 27	NINE
TWO	Maintenance Contribution Schedule	<input type="checkbox"/> Yes Page 13	Labour and Food Schedule	<input type="checkbox"/> Yes Page 14	THREE
FOUR	Vision Statement	<input type="checkbox"/> Yes Page 15	Loan Funds see Business Plan - Annexure Seven	<input type="checkbox"/> Yes Page 22	