



Hastings Co-operative Ltd.

2014-15

99TH ANNUAL REPORT

ANNUAL GENERAL MEETING 2015

Notice to all active Shareholder Members of Annual General Meeting 2015

Notice is hereby given that the 99th Annual General Meeting of the Hastings Co-operative Limited will be held on Tuesday 24th November 2015 at the Auditorium, Wauchope Country Club, commencing at 10.30am

Agenda

- 1. Welcome and Apologies**
- 2. Acknowledgement of Country**
- 3. Co-operative Prayer**
- 4. Receipt and noting of minutes**
To receive and note the minutes of the 98th Annual General Meeting held the 19th November 2014.
- 5. Report from Chair**
- 6. Report from the Chief Executive Officer**
- 7. Report from the Independent Auditor**
- 8. To receive and adopt the following for the year ending the 30th June 2015**
 - a. Directors' report and Director's Declaration
 - b. Annual Financial Statements; and
 - c. Independent Auditors Report
- 9. Questions from Members – with notice**
- 10. Directors Remuneration**
It is recommended that the total remuneration for a Board of 7 be \$94,090.50 (2014 \$91,350.00). This represents an increase of 3% over the 2014 figure.
- 11. To agree on the appointment of the independent auditor for 2015-16**
- 12. To declare the result of any Director Election**
- 13. Concluding remarks**

By Order of the Board of Directors

Allan Gordon
Co-operative Secretary
9th October 2015

Questions

Please submit all questions in writing at least 3 business days prior to the meeting. Those asking questions are requested to attend the meeting otherwise the question and response will be answered in writing.

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Chairman's Report

On behalf of the Board of Directors of Hastings Co-operative Limited, I am pleased to present my Chairman's Report for the financial year 2014/2015 to Shareholder Members.

The Board is proud to report that your Co-op had a year of positive growth in what is continuing to be a challenging retail environment. The Board is acutely aware that our primary role is to ensure initiatives are planned and the foundations for providing a positive future are now in place, so that the Hastings Co-operative and the local community can look forward to a vibrant future.

A strong sustainable future for our retail services can be assured by the ongoing support and patronage of you the Shareholder Members, Senior Management, Staff, Customers, Suppliers and the Community. The Board will continue to ensure sound governance and that our strategic plan and vision are achieved.

Being a Co-op, we are answerable to our Shareholder Members. One of the benefits with membership is the ability to accumulate Loyalty Points, which is recognised in the form of a 'Gift Voucher' for use at any Co-op business.

The Coop continues to be one of the largest employers in the region employing 275 people which includes a large number of young people; total remuneration paid to employees was in excess of \$7M. We are proud of the team of employees who are one of our greatest assets. They provide friendly and knowledgeable service at the coalface, which creates an overall positive shopping experience, and is our competitive advantage and what sets us apart from other retailers.

A strong commitment to the community is demonstrated by the Co-op continuing to re-invest in the local community by being a major supporter of many community organisations. Direct/indirect support to Community Groups collectively, amounting to in dollar terms over \$40K in 2014/15 and support of many local suppliers of goods and services. There is a commitment to continue to provide employment and accredited training opportunities for local people, particularly our youth.

On behalf of the Board, I thank our Chief Executive Officer, Allan Gordon, with whom the Board has a strong working relationship, for the implementation of the Board's agreed Strategic Vision. Allan is the driver of the operations of the business and of lifting the business profile in the region. Allan's office door is always open and he keeps the Board fully informed and

represents the organisation in a most professional manner at all times.

The Board and Management have a strong focus on ensuring they provide an environment which engenders and provides for the needs, safety and wellbeing of all. This belief was rewarded in the results at the Greater Port Macquarie Business Awards 2015 judged divisions; 'Excellence in Business Ethics and Excellence in Workplace Health and Safety.' The Co-op won both these sections, which is a demonstration of the caring professionalism, and the manner in which the business is operating.

November 2015 sees the term of both Directors Scott Newton and Anthony Abi-Saab conclude. Scott Newton will retire from the Board after 3 years of loyal, committed service. On behalf of the Shareholder Members I thank both gentlemen for their significant contribution and professionalism and wish Scott well as he focuses on his own business venture and career.

In order to ensure the continuance of 'good governance' practices the Board has an annual Board Performance Appraisal program, including the Board as a whole, individual Directors and the Chair. This enables Directors to give consideration to the manner in which the Board and they as individual Directors perform in their role and as part of the Board team.

I wish to personally thank all Directors, who are busy people, with their personal careers, for their contribution and their willingness to take on the challenge, of ensuring good governance of your Co-op. Having the correct people employed to implement our Strategic Vision and working as a team is acknowledged and appreciated.

The Co-op is celebrating its 100th year and all can be proud of our history, contribution to and support of the community. Much has changed over the last 100 years, as an organisation, the Co-op like all businesses needs to continue to adapt to a changing retail/business environment. We believe our commitment to meeting the needs of Shareholder Members, Staff, Customers, Community and 'supporting locals' is the key to continuing for another 100 years plus.

Cheers Julie Muller

Chief Executive Officer's Report

Dear Shareholder Members,

It is with great pleasure that I present to you my report for the 2014-2015 financial year.

This financial year has been a year of change for the Co-op as many of the initiatives that we commenced in the prior year have started to come to fruition. As I did in last year's report I would like to address the performance of the Co-op in terms of the four pillars approach that we have adopted over the last two years.

To provide a sound financial platform.

I am pleased to report that the underlying after tax trading profit for this financial year is \$638,552 (2013-14 \$525,241); an increase on last year's result of \$113,311. The final result was affected by an adjustment in stock valuation at Farm Supplies / Mitre 10 business as identified in the 30th June stocktake. In addition, at the end of April a severe hail storm destroyed our major IGA supplier's (Metcash) NSW distribution centre which resulted in many stock shortages and our inability to fully meet customer needs for the remainder of the financial year. Previous good growth seen in our IGA supermarkets did not continue during May and June resulting in subdued net profit in the final quarter of the financial year. As a result of the Farm supplies / Mitre 10 stock adjustments, further enhancements in stock management and controls have been implemented across all Co-op businesses to ensure that we accurately record the value and movement of our inventory going forward.

Over the last 12 months the following major initiatives have taken place to ensure that the Co-op remains financially sound and our members can enjoy the benefits of being part of the Co-op family.

- Introduction of the Member reward scheme
- Converting the IGA Wauchope into a Diamond Standard store and introducing price match across all three IGA supermarkets
- Renegotiating banking arrangements with a significant reduction in interest expense that will flow through in the 2015-16 year
- Adoption of the Co-operative Rules in line with the new Co-operatives Legislation
- Installing Solar Panels on the roof of Wauchope IGA resulting in significant savings in electricity
- Ordering a new fuel tanker, the commencement of a replacement program which will be necessary over the next 2-3 years. This vehicle was delivered in August 15
- Expansion of the Port Macquarie Department store resulting in significant lift in sales
- Revitalising the Mitre 10 store through an internal reconfiguration and opening the front door
- Re-location of the Corporate Centre to High Street
- Business Unit restructures providing efficiencies in operations.

Of particular note is the improved performance of our Timbertown Supa IGA which is very pleasing to see.

Chief Executive Officer's Report

Over the next 12 months we will be challenged to invest in all our businesses whether that is through the renewal of aging infrastructure or through providing innovated solutions to remain competitive in the current retail environment.

To provide value back to shareholders

In 2013 the Board acknowledged one of the priorities was to provide value back to our members. We have commenced this process in a number of ways including the introduction of a rewards scheme and the repurchase of shares where the shareholder has made such a request.

During the financial year the Co-op issued **16,822** reward vouchers to the value of **\$196,890** which is a fantastic effort and is testament to the loyalty that you have displayed towards the Co-op and I sincerely thank you for your continued patronage.

In respect of the repurchase of shares, the Co-op repaid to shareholders over \$82,000 and we will continue to reduce the level of outstanding repurchase requests this coming financial year.

Additionally, the Co-op has continued to offer a number of discounts and member specials throughout 2014-15 including, our very popular wine club offering, our member discounts at the Department Store and Mitre 10 businesses as well as in store promotions and giveaways including the Nissan X-Trail motor vehicle valued at over \$43K, and groceries. I truly believe that whilst we have some way to go in order to definitely say that we have achieved our goal, we are now firmly on the path to achieving it.

The Co-op also continues to support many community, sporting and non for profit groups and in deed over 30 groups were the beneficiaries of either in kind donations or financial support this financial year.

To be an employer of choice

Over 2014-15 the Co-op has undertaken a number of activities to achieve this goal. In today's world the safety of our staff is our absolute priority and we have invested heavily in training programs and improvements at all workplaces to ensure that this remains the focus. Our efforts in this area were recognised at the recent Port Macquarie Business Chamber business awards where we were the recipient of the Excellence in Business Ethics and Excellence in Workplace Health and Safety awards.

The Co-op signed a memorandum of understanding with North Coast Institute of TAFE which provides a number of benefits to our staff for their ongoing education. We have developed an intranet site for use of all staff which allows them to keep up to date with what is happening at the Co-op. The Co-op also makes available to all staff and their families a range of short courses through North Coast TAFE at no cost to the staff member. In addition we have developed in conjunction with TAFE a workplace education site which lists the activities that staff can undertake if they aspire to different positions within the Co-op.

Chief Executive Officer's Report

To provide good governance

The Board and Management have continued to develop the strategic direction of the Co-op. We have purposely taken a course of consolidation over the last 12 months to ensure that we remain financially sound. The Co-op has operated an effective committee structure to provide sound guidance and oversight in all aspects of the Co-op's operations and will continue to do so.

This has been my second full year as your CEO and I remain humbled by the loyalty and support that you our shareholder members have shown to the Co-op over the last financial year. I know that the final quarter was extremely frustrating when many of our regular grocery items were not available and I sincerely appreciate your patience and understanding during this period. I would also like to pay tribute to the dedication of our staff who often go above and beyond what is expected of them to ensure that we offer a genuinely good retail experience. And finally, I would like to thank the Board for their guidance and wisdom over the course of the financial year.

Working together, for the benefit of all shareholder members, we can look forward to an exciting and prosperous 2015-16.

Allan Gordon
Chief Executive Officer

Hastings Co-operative Limited

ABN: 86 601 035 121

Financial Report

For the Year Ended 30 June 2015

Hastings Co-operative Limited

ABN: 86 601 035 121

30 June 2015

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Hastings Co-operative Limited

ABN: 86 601 035 121

DIRECTORS' REPORT

30 June 2015

Your Directors present their report on the Co-operative for the financial year ended 30 June 2015.

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

Julie Muller	(Chairperson)
Lisa Intemann	(Deputy Chairperson)
Anthony Abi-Saab	
Scott Newton	
Stuart Goodfellow	
Richard McGovern	
David Johnson	

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

Co-operative Secretary

Allan Gordon B.Bus (Monash), Grad Dip Ed (QUT) is Chief Executive Officer of Hastings Co-operative Limited.

Principal Activities

The principal activities of the Co-operative during the financial year were retail operations in grocery, fresh foods, soft goods, hardware, rural supplies, liquor stores, service stations and bulk fuel.

No significant change in the nature of these principal activities occurred during the financial year.

Operating Results

The total revenue for the Co-operative was \$74,780,797 for the current financial year as compared to revenue of \$74,983,897 for the previous financial year. The profit of the Co-operative for the financial year after providing for income tax amounted to \$638,552 compared to a profit of \$525,241 in the previous financial year.

Dividends and Rebates

No dividend or rebate is recommended to be paid for the financial year ended 30 June 2015.

Review of Operations

The Co-operative incurred losses from Timbertown Supermarket and Farm Supplies / Mitre 10 however losses from Timbertown are substantially reduced from the year ended 30 June 2014. The result at Farm Supplies / Mitre 10 was impacted by inventory write downs. All other business divisions have remained profitable during the financial year.

Hastings Co-operative Limited

ABN: 86 601 035 121

DIRECTORS' REPORT

30 June 2015

Significant Changes in State of Affairs

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

Events After the Reporting Period

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

Future Developments

Likely developments in the operations of the Co-operative and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Co-operative.

Environmental Regulations

The Co-operative's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

The Board believes that the Co-operative has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Co-operative.

Indemnifying Officers or Auditor

During the financial year the Co-operative had a Directors and Officers Insurance Policy. The policy has an exclusion clause which precludes any further disclosure.

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, for any person who is or has been an auditor of the Co-operative.

Proceedings on Behalf of Co-operative

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

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been received and is included in this financial report.

Hastings Co-operative Limited

ABN: 86 601 035 121

DIRECTORS' REPORT

30 June 2015

Meetings of Directors

During the financial year, 43 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' Meetings		Special Meetings		Budget and Performance Committee		Audit and Risk Committee		Communications and Marketing Committee		Governance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Julie Muller	12	12	2	2	-	-	-	-	-	-	5	5
Lisa Intemann	12	11	2	2	-	-	5	5	-	-	-	-
Anthony Abi Saab	12	12	2	2	-	-	3	1	8	8	-	-
Scott Newton	12	9	2	2	11	5	5	5	-	-	-	-
Stuart Goodfellow	12	11	2	1	11	9	-	-	8	8	-	-
Richard McGovern	12	11	2	2	-	-	-	-	8	7	5	5
David Johnson	12	11	2	2	11	9	2	1	-	-	5	5

Hastings Co-operative Limited

ABN: 86 601 035 121

DIRECTORS' REPORT

30 June 2015

Information on Current Directors

Julie Muller

Current Occupation

Small Business Proprietor - Hair Affair

Qualifications

Governance Workshops (TAFE)
Effective Board Meetings and Interpreting Company
Financial Statements; (AICD)

Business Experience

Director of Hastings Co-operative 22 years
Small Business Owner
Member of Wauchope Chamber of Commerce
Member of Port Macquarie Chamber of Commerce
NSW State Chamber
Hastings Business Women's Network
AICD
Governance for Not-For-Profit Organisation - Meals on
Wheels Mid North Coast
Director of Meals on Wheels Mid North Coast

Key Contribution to Co-operative

Governance and Business Management
Governance Committee

Special Responsibilities

Chairperson

Lisa Intemann

Current Occupation

Elected Councillor - Port Macquarie Hastings Council

Qualifications

PhD, BA (Hons), B.Sc, Certificate in Mediation

Business Experience

Managed family businesses from 1980 to 1988
Councillor Port Macquarie Hastings Council from 1995
to 2008 and 2012 to present

Key Contribution to Co-operative

Governance and Strategic Planning
Audit and Risk Committee
Policy Development

Special Responsibilities

Deputy Chairperson

Hastings Co-operative Limited

ABN: 86 601 035 121

DIRECTORS' REPORT

30 June 2015

Information on Current Directors (continued)

Anthony Abi Saab

Current Occupation

Managing Director - Saab Industries Pty Ltd
(Mount Seaview Natural Spring Water)

Qualifications

B.Sc, B.Arts/Law (Current)
BA, Psy (Hons)
Grad Dip (Hons) - IASOS
Grad Dip - Adult Education and Training
Cert III (IT), Cert IV (Multimedia)
Cert IV - TAE

Business Experience

Saab Industries Pty Ltd from 1999 to Current
Civil Earthworks Contractor from 1993 to 1997

Key Contribution to Co-operative

Communications and Legal
Communications and Marketing Committee

Scott Newton

Current Occupation

Director Shaw Gidley Port Macquarie Insolvency and
Business Reconstruction

Qualifications

B.Com
Grad Dip. - Advanced Insolvency and Law
Member Chartered Accountants Australia and New
Zealand
Member Insolvency Practitioners Association
Official Liquidator Supreme Court
Official Liquidator Federal Court
Registered Trustee in Bankruptcy
Justice of the Peace

Business Experience

Director Shaw Gidley from 2009 to current

Key Contribution to Co-operative

Financial Management and Audit
Budget and Performance Committee
Audit and Risk Committee

Hastings Co-operative Limited

ABN: 86 601 035 121

DIRECTORS' REPORT

30 June 2015

Information on Current Directors (continued)

Stuart Goodfellow

Current Occupation

Business Coach - Regional Business Specialists

Qualifications

Certified Business Coach

Grad Dip. Marketing

Dip. of Applied Science Systems

Thinking and Agriculture

Adv. Cert. of Marketing

Business Experience

Company Directorships

Business Coaching for more than 100 regional businesses

Business Skills Presenter

Port Macquarie Chamber of Commerce – Board Member

Wauchope Chamber of Commerce Member

Hastings Business Enterprise Network Member

International Marketing and Strategic Development Manager

National Product Manager. Sales Manager

Commercial Directorships

Key Contribution to Co-operative

Communications and Marketing Committee - Chair

Budget and Performance Committee

Business Strategy, Sales and Marketing, Human Resources,

Finance and Accountability

Richard McGovern

Current Occupation

Small Business Proprietor - Wauchope Sports and Trophies

Accolades and More, Clothing, Promotions and Corporate Awards

Qualifications

Cert III – Business Marketing /Promotions/Customer Service

Business Experience

Small business owner since 2004

Promotions Account Manager from 1998 to 2004

Department Manager from 1993 to 1998

Key Contribution to Co-operative

Governance Committee - Chair

Communications and Marketing Committee

Hastings Co-operative Limited

ABN: 86 601 035 121

DIRECTORS' REPORT

30 June 2015

Information on Current Directors (continued)

David Johnson

Current Occupation

Company Director

Qualifications

B. Arts (Accounting and Economics)

Certified Practising Accountant

Grad Dip. - Australian Institute of Company Directors

Justice of the Peace

Business Experience

30 years - ANZ Banking Group

Manager Investments - Telecom Australia

Business Manager - Sydney University Women's Sports Association

12 years - Holiday Coast Credit Union - retiring as

Company Secretary and Exec Manager Risk

Key Contribution to Co-operative

Governance Committee

Budget and Performance Committee

Policy Development

Finance and Accountability

Acknowledgements

The Board of Directors wishes to extend to all shareholder members their appreciation for the support given to the Co-operative during the year.

Shareholder members' support, and that of the community is appreciated and remains a crucial factor for the success of the Co-operative.

To the executive and all staff, we offer our sincere thanks for your loyalty and co-operation throughout the past year.

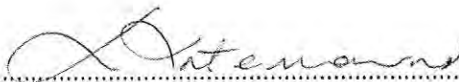
Signed in accordance with a resolution of the Board of Directors:

Chairperson:.....



Julie Muller

Deputy Chairperson:.....



Lisa Intemann

Dated: 7 October 2015



PARTNERS
Robert Magnussen B Bus FCA
Paul Fahey B Bus CA
Rodney Smith B Fin Admin FCA
Tony Faulder B Com CPA Affiliate ICAA
Bart Lawler B Com CA
Patrick Brennan B Com CA
CONSULTANT
Mark Hatherly B Com FCA

AUDITOR'S INDEPENDENCE DECLARATION

Under Section 307C of the Corporations Act 2001

To the Directors of Hastings Co-operative Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

NORTHCORP ACCOUNTANTS

Robert Magnussen
Partner
Registered Company Auditor

Dated: 7 October 2015

10-12 Short Street
PORT MACQUARIE NSW 2444



Chartered Accountants
Suites 1-3 Bourne House, 10-12 Short Street, PO Box 166, Port Macquarie NSW 2444
51 Cameron Street, PO Box 75, Wauchope NSW 2446
T 02 6588 4444 F 02 6583 4527 E northcorp@northcorp.com.au www.northcorp.com.au
Liability Limited by a scheme approved under Professional Standards Legislation

Hastings Co-operative Limited

ABN: 86 601 035 121

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2015

		2015	2014
	Note	\$	\$
Revenue	2(a)	74,780,797	74,983,897
Other income	2(b)	-	115,360
		<u>74,780,797</u>	<u>75,099,257</u>
Changes in inventories	3(a)	(124,443)	236,154
Inventory purchases	3(a)	(59,670,994)	(61,087,606)
Bad and doubtful debts expense	3(a)	(2,281)	(14,102)
Depreciation and amortisation expense	3(a)	(733,942)	(748,840)
Employee benefits expense		(7,439,648)	(6,973,609)
Finance costs	3(a)	(930,942)	(935,245)
Rent expense		(844,800)	(817,874)
Other expenses		(4,432,894)	(4,191,445)
		<u>(74,179,944)</u>	<u>(74,532,567)</u>
Profit/(loss) before income tax		600,853	566,690
Income tax benefit/(expense)	4	37,699	(41,449)
Profit/(loss) for the year		<u>638,552</u>	<u>525,241</u>
Other comprehensive income:			
Net gain/(loss) on revaluation of land and buildings, net of tax		-	633,843
Total other comprehensive income for the year		-	<u>633,843</u>
Total comprehensive income for the year		<u>638,552</u>	<u>1,159,084</u>
Profit / (loss) attributable to members of the Co-operative		<u>638,552</u>	<u>525,241</u>
Total comprehensive income attributable to members of the Co-operative		<u>638,552</u>	<u>1,159,084</u>

These financial statements should be read in conjunction with the attached Independent Auditor's Report.
The accompanying notes form part of these financial statements.

Hastings Co-operative Limited

ABN: 86 601 035 121

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	67,500	61,420
Trade and other receivables	7	1,437,890	1,539,261
Inventories	8	3,757,516	3,881,959
Other assets	10	118,079	79,559
Total current assets		5,380,985	5,562,199
Non-current assets			
Other financial assets	9	1,000	1,000
Property, plant and equipment	11	15,029,372	15,495,332
Intangible assets	12	264,359	264,359
Deferred tax assets	13(a)	305,708	268,009
Total non-current assets		15,600,439	16,028,700
TOTAL ASSETS		20,981,424	21,590,899
LIABILITIES			
Current liabilities			
Trade and other payables	14	4,314,259	4,432,125
Borrowings	15	2,722,345	10,044,472
Short-term provisions	17	709,544	691,458
Other liabilities	18	49,403	6,000
Total current liabilities		7,795,551	15,174,055
Non-current liabilities			
Borrowings	15	7,140,758	871,186
Members' shares	16	2,512,416	2,634,808
Long-term provisions	17	120,089	136,792
Total non-current liabilities		9,773,263	3,642,786
TOTAL LIABILITIES		17,568,814	18,816,841
NET ASSETS		3,412,610	2,774,058
EQUITY			
Reserves	20	5,328,379	5,328,379
Retained earnings		(1,915,769)	(2,554,321)
TOTAL EQUITY		3,412,610	2,774,058

These financial statements should be read in conjunction with the attached Independent Auditor's Report.
The accompanying notes form part of these financial statements.

Hastings Co-operative Limited

ABN: 86 601 035 121

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2015

2015

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2014	(2,554,321)	5,328,379	2,774,058
Profit / (loss) attributable to members of the Co-operative	638,552	-	638,552
Other comprehensive income	-	-	-
Total comprehensive income for the year	638,552	-	638,552
Balance at 30 June 2015	(1,915,769)	5,328,379	3,412,610

2014

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2013	(3,079,562)	4,694,536	1,614,974
Profit / (loss) attributable to members of the Co-operative	525,241	-	525,241
Other comprehensive income	-	633,843	633,843
Total comprehensive income for the year	525,241	633,843	1,159,084
Balance at 30 June 2014	(2,554,321)	5,328,379	2,774,058

These financial statements should be read in conjunction with the attached Independent Auditor's Report.
The accompanying notes form part of these financial statements.

Hastings Co-operative Limited

ABN: 86 601 035 121

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities:			
Receipts from customers		80,041,809	80,666,189
Payments to suppliers and employees		(77,731,295)	(79,465,846)
Finance costs		(930,942)	(935,245)
Interest received		18,566	34,189
Net cash provided by (used in) operating activities	25(a)	<u>1,398,138</u>	<u>299,287</u>
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		-	2,728
Purchase of property, plant and equipment		(267,982)	(190,586)
Purchase of other financial assets		-	(1,000)
Net cash provided by (used in) investing activities		<u>(267,982)</u>	<u>(188,858)</u>
Cash flows from financing activities:			
Shares issued		10,980	5,600
Shares repaid		(82,501)	-
Net increase / (decrease) in borrowings		(851,905)	(65,115)
Net increase / (decrease) in members' deposits		(22,177)	(69,709)
Net cash provided by (used in) financing activities		<u>(945,603)</u>	<u>(129,224)</u>
Net increase (decrease) in cash held		184,553	(18,795)
Cash and cash equivalents at beginning of financial year		<u>(1,038,092)</u>	<u>(1,019,297)</u>
Cash and cash equivalents at end of financial year	6	<u>(853,539)</u>	<u>(1,038,092)</u>

These financial statements should be read in conjunction with the attached Independent Auditor's Report.
The accompanying notes form part of these financial statements.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

The financial statements are for Hastings Co-operative Limited as an individual entity. Hastings Co-operative Limited is a Co-operative under the Co-operatives National Law (NSW), incorporated and domiciled in Australia.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the Co-operatives National Law (NSW) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied, unless otherwise stated.

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

Accounting Policies

(a) Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

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

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

No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 1 Summary of Significant Accounting Policies (continued)

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

(c) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Co-operative becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Co-operative commits itself to either the purchase or sale of the asset (ie. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at "fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

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

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 1 Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are classified as current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which are classified as non-current assets.

A provision for doubtful receivables is established when there is objective evidence that the Co-operative will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

(iii) *Held-to-maturity investments*

Held-to-maturity financial assets are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Co-operative's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the asset is derecognised.

Held-to-maturity financial assets are classified as non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are subsequently measured at fair value.

Available-for-sale financial assets are classified as non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

(v) *Financial liabilities*

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Fair Value

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

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 1 Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

Impairment

At the end of each reporting period, the Co-operative assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised immediately in the statement of comprehensive income.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

(e) Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in the statement of comprehensive income. An assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Co-operative and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 1 Summary of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Co-operative commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings and improvements	2.50%
Plant and Equipment	5% to 40%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the statement of comprehensive income in the period in which they arise. When revalued assets are sold, amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

(f) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Co-operative. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction.

(g) Impairment of Assets

At the end of each reporting period, the Co-operative reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Co-operative estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 1 Summary of Significant Accounting Policies (continued)

(h) Intangible Assets

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(i) Employee Benefits

Provision is made for the Co-operative's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the probability that the employee may not satisfy vesting requirements.

Contributions are made by the Co-operative to employee superannuation funds and are charged as expenses when incurred.

(j) Members' Shares

Members' shares were initially recognised in equity. In accordance with the requirements of International Financial Reporting Standards, members' shares were reclassified as non-current liabilities in the statement of financial position. In accordance with UIG Interpretation 2, dividends relating to members' shares are recognised as an expense in the statement of comprehensive income.

(k) Provisions

Provisions are recognised when the Co-operative has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 1 Summary of Significant Accounting Policies (continued)

(l) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Co-operative are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives where it is likely that the Co-operative will obtain ownership of the asset or the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(o) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 1 Summary of Significant Accounting Policies (continued)

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Co-operative applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(q) Adoption of New and Revised Accounting Standards

During the current year there were no new or revised Australian Accounting Standards and Interpretations, applicable to the operations of the Co-operative, which became mandatory and which had a material impact on the measurement, recognition or disclosure of amounts in the Co-operative's financial statements.

(r) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended Accounting Standards and interpretations that have mandatory application for future reporting periods. The Co-operative has decided against early adoption of the following Standards which are applicable to the Co-operative but are not yet effective:

Title of Standard	Future Reporting Requirements	Operative Date
AASB 9 : Financial Instruments and Associated Amending Standards.	The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.	1 January 2018
AASB 2014-7: Amendments to Australian Accounting Standards Arising from AASB 9.	This Standard provides consequential amendments to Australian Accounting Standards arising from the issue of AASB 9 and additional disclosure requirements added to AASB 7 regarding credit risk exposures.	1 January 2018
AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	This standard focuses on clarifying the presentation and disclosure requirements in AASB 101 and permits entities to tailor the presentation of the financial statements to their particular circumstances and the needs of the users.	1 January 2016

The abovementioned Standards are applicable for annual reporting periods commencing on the operative date. Application of these Standards is not expected to materially affect any of the amounts recognised in the financial statements.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 1 Summary of Significant Accounting Policies (continued)

(s) Critical Accounting Estimates and Judgements

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

Key estimates - Impairment

The Co-operative assesses impairment at the end of each reporting period by evaluating conditions specific to the Co-operative that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate the following key assumptions. The recoverable amount of the Port Macquarie IGA Supermarket, including goodwill, was estimated based on its value-in-use using a pre tax nominal discount rate of 10% and a growth rate of 2.5%. In determining the recoverable amount of the cash-generating unit, management used projected cash flows, based on approved budgets, covering a 5 year period. The recoverable amount was estimated to be higher than the carrying amount of the cash generating unit, and no impairment was required.

The financial report was authorised for issue by the Board of Directors on 7 October 2015.

Note 2 Revenue and Other Income

(a) Revenue

	Note	2015 \$	2014 \$
Sale of goods			
Sales revenue		72,930,591	73,253,049
Other revenue:			
Interest received		18,566	34,189
Rent received		211,271	207,239
Other revenue		1,620,369	1,489,420
Total Revenue		<u>74,780,797</u>	<u>74,983,897</u>

(b) Other income

Reversal of previous revaluation decrement	3(b)	-	115,360
Total Other Income		<u>-</u>	<u>115,360</u>
Total Revenue and Other Income		<u>74,780,797</u>	<u>75,099,257</u>

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 3 Profit / (Loss) for the Year

(a) Expenses

Profit / (loss) before income tax from continuing operations includes the following specific expenses:

	2015	2014
Note	\$	\$
Cost of Sales	59,795,437	60,851,452
Finance Costs		
Interest expense		
Members' deposits	114,062	117,872
Borrowings - unrelated parties	816,880	817,373
Total finance costs	930,942	935,245
Depreciation of Non-Current Assets		
Buildings and improvements	166,625	187,923
Plant and equipment	567,317	560,917
Total depreciation	733,942	748,840
Bad and Doubtful Debts		
Trade receivables	2,281	14,102
Total bad and doubtful debts	2,281	14,102
Loss on Disposal of Property, Plant and Equipment	-	1,457

(b) Significant Revenue and Expenses

The following significant revenue item is relevant in explaining the financial performance of the Co-operative during the previous year.

Reversal of previous revaluation decrement	3(c)	-	115,360
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(c) Reversal of previous revaluation decrement

A revaluation of land and buildings was performed in the 2014 year. The current revaluation resulted in a revaluation increment in relation to the property located at 4 High Street, Wauchope which had previously incurred a revaluation decrement in a prior year.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 3 Profit / (Loss) for the Year (continued)

(c) Reversal of previous revaluation decrement (continued)

In accordance with the requirements of Accounting Standard AASB 116, the increase in these revalued assets was recognised in profit or loss during the year ended 30 June 2014 to the extent that it reversed the revaluation decrement of the same asset previously recognised in profit or loss. The amount of the revaluation increment recognised in profit was \$115,360.

Note 4 Income Tax Expense

(a) The components of tax expense comprise:

	2015	2014
	\$	\$
Current tax expense / (income)	239,756	101,715
Deferred tax arising from the origination and reversal of temporary differences	(37,699)	41,449
Recoupment of prior year losses	(239,756)	(101,715)
	<u>(37,699)</u>	<u>41,449</u>

(b) The prima facie tax on profit / (loss) before income tax expense is reconciled to the income tax expense as follows:

Prime facie tax on profit / (loss) before income tax expense at 30% (2014: 30%)	180,256	170,007
Add:		
Tax effect of:		
- other non-allowable items	-	-
	<u>180,256</u>	<u>170,007</u>
Less:		
Tax effect of:		
- rebateable fully franked dividends	-	-
- current year taxation allowances	-	-
- current and prior years losses and adjustments	(217,955)	(128,558)
	<u>(217,955)</u>	<u>(128,558)</u>
Income tax (benefit) / expense attributable to the Co-operative	<u>(37,699)</u>	<u>41,449</u>

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 5 Dividends

	2015	2014
	\$	\$
Fully franked dividend of Nil% of issued share capital (2014: Nil%)	-	-
	<hr/>	<hr/>
(a) Proposed Fully Franked Dividend	-	-
No dividend was proposed for the current financial year or the previous financial year.		
(b) Franking Account		
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.	912,428	912,428

Note 6 Cash and Cash Equivalents

Cash on hand		67,500	61,420
		<hr/>	<hr/>
Reconciliation of Cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		67,500	61,420
Bank overdraft	15	(921,039)	(1,099,512)
		<hr/>	<hr/>
		(853,539)	(1,038,092)

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 7 Trade and Other Receivables

	Note	2015 \$	2014 \$
Current			
Trade receivables		1,299,654	1,394,090
Provision for impairment	7(b)	(6,079)	(3,797)
		<u>1,293,575</u>	<u>1,390,293</u>
Other receivables		<u>144,315</u>	<u>148,968</u>
Total current trade and other receivables		<u>1,437,890</u>	<u>1,539,261</u>

(a) Trade Receivables

The Co-operative provides trading terms of 21 days from EOM to approved ABN holders. Interest is charged at 18% p.a. (2014: 18% p.a) on outstanding balances outside trading terms. An administration charge of \$10 may also apply.

(b) Impairment of Trade Receivables

In determining the recoverability of a trade receivable the Co-operative considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. An amount of \$6,079 has been provided for impaired trade receivables as at 30 June 2015 (2014: \$3,797).

Note 8 Inventories

Current		
Finished goods at cost	3,757,516	3,881,959
	<u>3,757,516</u>	<u>3,881,959</u>

Note 9 Other Financial Assets

Non-current		
Available-for-sale financial assets		
Unlisted investments, at cost:		
- shares in other corporations	<u>1,000</u>	<u>1,000</u>

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 10 Other Assets

	2015	2014
	\$	\$
Current		
Prepayments	118,079	79,559

Note 11 Property, Plant and Equipment

Land and Buildings

Freehold land

Freehold land at independent valuation	5,785,000	5,785,000
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Buildings

Buildings and improvements at independent valuation	6,665,000	6,665,000
Less accumulated depreciation	(166,625)	-
Total buildings	6,498,375	6,665,000

Total land and buildings	12,283,375	12,450,000
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Plant and equipment

Plant and equipment at cost	7,553,001	7,285,018
Less accumulated depreciation	(4,807,004)	(4,239,686)
Total plant and equipment	2,745,997	3,045,332
Total property, plant and equipment	15,029,372	15,495,332

The Co-operative's land and buildings were revalued at 30 June 2014 by independent valuers. Valuations were made on the basis of current market values.

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 11 Property, Plant and Equipment (continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Freehold land \$	Buildings and improvements \$	Plant and equipment \$	Total \$
2015				
Balance at 1 July 2014	5,785,000	6,665,000	3,045,332	15,495,332
Additions	-	-	267,982	267,982
Disposals	-	-	-	-
Revaluation increment (decrement)	-	-	-	-
Depreciation expense	-	(166,625)	(567,317)	(733,942)
Balance at 30 June 2015	5,785,000	6,498,375	2,745,997	15,029,372
2014				
Balance at 1 July 2013	4,765,000	7,113,250	3,430,318	15,308,568
Additions	-	10,470	180,116	190,586
Disposals	-	-	(4,185)	(4,185)
Revaluation increment (decrement)	1,020,000	(270,797)	-	749,203
Depreciation expense	-	(187,923)	(560,917)	(748,840)
Balance at 30 June 2014	5,785,000	6,665,000	3,045,332	15,495,332

(b) Historical Cost

If land and buildings were stated at historical cost, amounts would be as follows:

	2015 \$	2014 \$
Cost	7,967,184	7,967,184
Accumulated depreciation	(927,300)	(765,669)
Net book value	7,039,884	7,201,515

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 12 Intangible Assets

	2015	2014
	\$	\$
Goodwill		
Cost	264,359	264,359
Accumulated impairment losses	-	-
Net carrying amount	<u>264,359</u>	<u>264,359</u>

Goodwill is allocated to the Co-operative's Port Macquarie IGA Supermarket which has been identified as a cash generating unit.

(a) Movements in Carrying Amounts

	Goodwill	Total
	\$	\$
Year ended 30 June 2014		
Balance at the beginning of year	264,359	264,359
Additions	-	-
Disposals	-	-
Amortisation charge	-	-
Impairment losses	-	-
Balance at 30 June 2014	<u>264,359</u>	<u>264,359</u>
Year ended 30 June 2015		
Balance at the beginning of year	264,359	264,359
Additions	-	-
Disposals	-	-
Amortisation charge	-	-
Impairment losses	-	-
Balance at 30 June 2015	<u>264,359</u>	<u>264,359</u>

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 13 Tax

(a) Assets

Non Current

	Opening Balance	Charged to Income	Charged Directly to Equity	Closing Balance
	\$	\$	\$	\$
Deferred Tax Assets				
Provisions	262,077	447	-	262,524
Impairment of trade receivables	14,687	(13,548)	-	1,139
Other	32,694	(28,348)	-	4,346
Balance at 30 June 2014	309,458	(41,449)	-	268,009
Provisions	262,524	2,028	-	264,552
Impairment of trade receivables	1,139	684	-	1,823
Other	4,346	34,987	-	39,333
Balance at 30 June 2015	268,009	37,699	-	305,708

(b) Liabilities

The balance of deferred tax liabilities as at 30 June 2015 was NIL (2014: NIL)

Note 14 Trade and Other Payables

	2015	2014
	\$	\$
Current		
Unsecured liabilities		
Trade payables	4,024,875	4,249,304
Other payables and accrued expenses	289,384	182,821
	4,314,259	4,432,125

(a) Trade Payables

The Co-operative has financial risk management policies in place to ensure that trade and other payables are paid within reasonable credit timeframes.

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 15 Borrowings

	Note	2015 \$	2014 \$
Current			
Unsecured liabilities			
Members' deposits		<u>1,126,935</u>	<u>1,285,345</u>
Secured liabilities			
Bank overdraft	15(a)	921,039	1,099,512
Commercial loans	15(a)	<u>674,371</u>	<u>7,659,615</u>
		<u>1,595,410</u>	<u>8,759,127</u>
Total current borrowings		<u>2,722,345</u>	<u>10,044,472</u>
Non-Current			
Unsecured liabilities			
Members' deposits		<u>576,313</u>	<u>440,080</u>
Secured liabilities			
Commercial loans	15(a)	<u>6,564,445</u>	<u>431,106</u>
Total non-current borrowings		<u>7,140,758</u>	<u>871,186</u>
Total borrowings		<u>9,863,103</u>	<u>10,915,658</u>
(a) Total current and non-current secured liabilities			
Bank overdraft		921,039	1,099,512
Commercial loans		<u>7,238,816</u>	<u>8,090,721</u>
		<u>8,159,855</u>	<u>9,190,233</u>

(b) Security Details

The bank overdraft and commercial loans are secured by registered first mortgage over freehold land and buildings of the Co-operative and a fixed and floating charge over all the assets of the Co-operative.

The carrying amounts of non-current assets pledged as security are:

Freehold land and buildings	12,283,375	12,450,000
Plant and equipment	<u>2,745,997</u>	<u>3,045,332</u>
	<u>15,029,372</u>	<u>15,495,332</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 15 Borrowings (continued)

(c) Financial Covenants

Covenants within the Co-operative's business finance agreement with its banker, and letters of variations to borrowings, require compliance with the following financial undertakings:

- Financial reports to be provided to the bank on a half yearly basis within 30 days of the corresponding balance date.
- Debt Service Cover (DSC) of not less than 1.00 times as measured at each quarterly review. Should the Co-operative's financial performance not sustain a DSC of 1.00 times the Co-operative must agree to a sale strategy, to the bank's satisfaction, to achieve core debt reduction to meet the ratio.

Note 16 Members' Shares

	Note	2015 \$	2014 \$
Non Current			
Fully paid ordinary shares		<u>2,512,416</u>	<u>2,634,808</u>
Ordinary Shares			
Balance at the beginning of the financial year		2,634,808	2,629,208
Allotment of shares		<u>10,980</u>	<u>5,600</u>
		2,645,788	2,634,808
Shares bought back during the year		(82,501)	-
Shares forfeited	16(a)	<u>(50,871)</u>	<u>-</u>
Balance at the end of the financial year		<u>2,512,416</u>	<u>2,634,808</u>

(a) Forfeiture of Shares

During the year ended 30 June 2015 shares totalling \$50,871 were forfeited in relation to members whose whereabouts were unknown and whose shares were less than \$100 in value. The forfeiture of these shares was in accordance with the Co-operative's Rules and the requirements of the Co-operatives National Law (NSW).

In accordance with the requirements of Accounting Standard AASB 139, the forfeited shares were derecognised as a financial liability and the amount of the extinguished liability of \$50,871 was recognised in profit.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 17 Provisions

	Employee benefits \$	Total \$
Opening balance at 1 July 2014	828,250	828,250
Additional provisions	1,383	1,383
	<hr/>	<hr/>
Balance at 30 June 2015	829,633	829,633
Analysis of Total Provisions		
	2015 \$	2014 \$
Current	709,544	691,458
Non-current	120,089	136,792
	<hr/>	<hr/>
	829,633	828,250

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for wages, annual leave and long service leave.

The current portion for the provision includes the total amount accrued for wages and annual leave entitlements and amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service.

These amounts are classified as current liabilities since the Co-operative does not have an unconditional right to defer settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion of the provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 18 Other liabilities

Current

Income in advance	49,403	6,000
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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 19 Auditors' Remuneration

	2015 \$	2014 \$
Previous Auditor		
Remuneration of the auditor of the Co-operative for:		
Auditing the financial report	-	44,000
Other services	-	700
	<u>-</u>	<u>44,700</u>
Current Auditor		
Remuneration of the auditor of the Co-operative for:		
Auditing the financial report	50,000	-
Taxation services	6,625	4,800
Other services	5,000	8,000
	<u>61,625</u>	<u>12,800</u>

Note 20 Reserves

(a) Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets.

Note 21 Capital Risk Management

The Directors and management ensure there is sufficient capital for the Co-operative to fund its operations and continue as a going concern. The Co-operative relies on debt finance and working capital for its sources of funds.

The Board of Directors and management review working capital requirements on a regular monthly basis.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 22 Capital and Leasing Commitments

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements. Operating lease payments under existing lease arrangements for building accommodation are payable over the following periods:

	2015	2014
	\$	\$
Payable		
- not later than 1 year	872,939	775,146
- later than 1 year but not later than 5 years	2,807,692	3,466,481
- later than 5 years	296,394	137,909
	<u>3,977,025</u>	<u>4,379,536</u>

The building accommodation leases are non-cancellable leases with terms ranging from 3 to 10 years. Rent is payable monthly in advance. Contingent rental provisions within the lease agreements require the minimum lease payment to be increased by the CPI. Options exist to renew some of the leases at the end of their terms.

(b) Capital Expenditure Commitments

Capital expenditure commitments contracted for:

Plant and equipment purchases	395,349	-
Payable:		
- no later than 1 year	395,349	-

Note 23 Contingent Liabilities

(a) Bank Guarantees

Contingent liabilities existed in the financial year in respect of bank guarantees given to:

Combined Rural Traders Pty Ltd	100,000	100,000
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(b) Caltex Australia Petroleum Pty Ltd

Caltex Australia Petroleum Pty Ltd has a fixed and floating charge over the petroleum assets of the Co-operative.

(c) Metcash Trading Limited

Metcash Trading Limited has a fixed and floating charge over assets of the Co-operative.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 24 Disclosures on Directors and Other Key Management Personnel

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Co-operative, directly or indirectly, including any Director (whether executive or otherwise) of that entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(a) Directors

During the financial year the following Directors held office:

Julie Muller	(Chairperson)
Lisa Intemann	(Deputy Chairperson)
Anthony Abi Saab	
Scott Newton	
Stuart Goodfellow	
Richard McGovern	
David Johnson	

(b) Other Key Management Personnel

The following persons also had responsibility for planning, directing and controlling the activities of the Co-operative, directly or indirectly during the financial year:

<i>Name</i>	<i>Position</i>
Allan Gordon	Chief Executive Officer
Lesley Keft	Business Unit Manager
Carol Lowe	Business Unit Manager
Darren Partridge	Business Unit Manager
Judith Standring	Business Unit Manager
Terry Halloran	Business Unit Manager
David Hore	Business Unit Manager
Lisa Atkins	Business Unit Manager

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 24 Disclosures on Directors and Other Key Management Personnel (continued)

(c) Key Management Personnel Compensation

The aggregate compensation of KMP during the year comprising amounts paid or payable or provided for was as follows:

	2015	2014
	\$	\$
Short-term employee benefits	729,086	636,087
Post-employment benefits	67,512	56,270
Other long-term benefits	10,704	-
Termination benefits	-	38,987
	<u>807,302</u>	<u>731,344</u>

Remuneration shown as short-term employee benefits means (where applicable) wages, salaries, paid annual leave and paid sick leave, bonuses and the value of fringe benefits received, but excludes out-of-pocket expense reimbursements.

All remuneration of Directors was approved by members at the previous Annual General Meeting of the Co-operative.

(d) Trade and Other Receivables Due from Key Management Personnel

The aggregate amount of receivables due from KMP
as at the end of the reporting period amounted to:

<u>131</u>	<u>96</u>
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There are no amounts which are impaired in relation to the amounts receivable from KMP.

(e) Trade and Other Payables Due to Key Management Personnel

The aggregate amount of payables due to KMP as at
end of the reporting period amounted to:

<u>568</u>	<u>342</u>
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(f) Related Party Transactions

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

During the year ended 30 June 2015 amounts totalling \$13,804 (2014: \$13,450) were paid to Saab Industries Pty Ltd, a director-related entity of Director Anthony Abi-Saab. The amount paid related to the supply of bottled water to the Co-operative.

During the year ended 30 June 2015 amounts totalling \$418 were paid to Wauchope Sports and Trophies, a director-related entity of Director Richard McGovern. The amount paid related to the supply of badges and name tags to the Co-operative.

During the year ended 30 June 2015 amounts totalling \$5,715 were paid to Greg Keft Electrical, the spouse of Business Unit Manager, Lesley Keft. The amount paid related to electrical services provided to the Co-operative.

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 24 Disclosures on Directors and Other Key Management Personnel (continued)

(g) Other Transactions with Key Management Personnel

Goods and services are sold to Directors and other KMP at retail outlets of the Co-operative on normal commercial terms and conditions.

(h) Share Transactions

	2015 No.	2014 No.
(i) Aggregate number of shares held by KMP at the end of the reporting period	3,303	3,146
(ii) Aggregate number of shares acquired by KMP during the financial year	157	30

Note 25 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit/(Loss) from Ordinary Activities after Income Tax

	2015 \$	2014 \$
Profit / (loss) after income tax	638,552	525,241
Non-cash flows in profit		
Depreciation and amortisation expense	733,942	748,840
Reversal of revaluation decrement	-	(115,360)
Net (gain)/loss on disposal of property, plant and equipment	-	1,457
Shares forfeited	(50,871)	-
Changes in assets and liabilities		
(Increase) / decrease in receivables	101,371	421,740
(Increase) / decrease in inventories	124,443	(236,154)
(Increase) / decrease in other assets	(38,520)	59,702
(Increase) / decrease in tax assets	(37,699)	41,449
Increase / (decrease) in trade and other payables	(117,866)	(1,159,685)
Increase / (decrease) in provisions	1,383	6,057
Increase / (decrease) in other liabilities	43,403	6,000
Cash flow from operations	1,398,138	299,287

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 25 Cash Flow Information (continued)

(b) Financing Arrangements with Banks

The Co-operative has access to the following lines of credit:

	Note	2015 \$	2014 \$
Total Facilities Available			
Credit facility	25(b)(i)	50,000	50,000
Bank overdraft	25(b)(ii)	1,800,000	1,800,000
Commercial Loan	25(b)(iii)	629,400	629,400
Commercial Loan	25(b)(iii)	5,800,000	5,800,000
Commercial Loan	25(b)(iv)	255,427	830,765
Commercial Loan	25(b)(v)	37,124	53,313
Commercial Loan	25(b)(vi)	35,728	56,430
Commercial Loan	25(b)(vii)	356,878	720,813
Commercial Loan	25(b)(viii)	124,258	-
		9,088,815	9,940,721
Facilities Utilised at Reporting Date			
Credit facility		7,602	5,495
Bank overdraft		921,039	1,099,512
Commercial Loan		629,400	629,400
Commercial Loan		5,800,000	5,800,000
Commercial Loan		255,427	830,765
Commercial Loan		37,124	53,313
Commercial Loan		35,728	56,430
Commercial Loan		356,878	720,813
Commercial Loan		124,258	-
		8,167,456	9,195,728
Facilities Not Utilised at Reporting Date			
Credit facility		42,398	44,505
Bank overdraft		878,961	700,488
Commercial Loan		-	-
Commercial Loan		-	-
Commercial Loan		-	-
Commercial Loan		-	-
Commercial Loan		-	-
Commercial Loan		-	-
Commercial Loan		-	-
		921,359	744,993

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 25 Cash Flow Information (continued)
(b) Financing Arrangements with Banks (continued)

(i) Credit Facility

The credit facility relates to a business credit card facility. Interest rates are variable and subject to adjustment.

(ii) Bank Overdraft

\$1,800,000 (2014: \$1,800,000) bank overdraft with the general terms and conditions set and agreed to annually. The bank overdraft is secured by registered first mortgage over freehold property of the Co-operative and a fixed and floating charge over all assets. The interest rate as at 30 June 2015 was 5.0% plus 1.4% line fee (2014: 5.62%). Interest rates are variable and subject to adjustment.

(iii) Commercial Loan

The commercial loan facility is secured by registered first mortgage over freehold property of the Co-operative and a fixed and floating charge over all assets. The interest rate applicable to the commercial loan is 9.5% (2014: 9.5%).

(iv) Commercial Loan

The commercial loan facility is secured by a bill of sale over chattels located at Wauchope Supermarket, a registered first mortgage over freehold property of the Co-operative and a fixed and floating charge over all assets. The interest rate applicable to the commercial loan is 9.03% (2014: 9.03%).

(v) Commercial Loan

The commercial loan facility is secured by a bill of sale over chattels in relation to fuel businesses, a registered first mortgage over freehold property of the Co-operative and a fixed and floating charge over all assets. The interest rate applicable to the commercial loan is 6.83% (2014: 6.54%).

(vi) Commercial Loan

The commercial loan facility is secured by a bill of sale over chattels in relation to farm supplies business, a registered first mortgage over freehold property of the Co-operative and a fixed and floating charge over all assets. The interest rate applicable to the commercial loan is 6.96% (2014: 6.57%).

(vii) Commercial Loan

The commercial loan facility is secured by a bill of sale over chattels in relation to supermarket businesses, a registered first mortgage over freehold property of the Co-operative and a fixed and floating charge over all assets. The interest rate applicable to the commercial loan is 4.98% plus 1.4% line fee (2014: 7.06%).

(viii) Commercial Loan

The commercial loan facility is secured by a bill of sale over chattels in relation to supermarket businesses, a registered first mortgage over freehold property of the Cooperative and a fixed and floating charge over all assets. The interest rate applicable to the commercial loan is 6.3%.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 26 Financial Risk Management

Financial Risk Management Policies

The Co-operative's financial instruments consist mainly of cash and cash equivalents, accounts receivable and payable, bank overdraft facility, commercial loans and members' deposits.

The Directors of the Co-operative meet on a regular basis to analyse financial performance and to evaluate management strategies in the context of the most recent economic conditions and forecasts. Monthly financial management reports are reviewed by the Directors to assist in the evaluation of management strategies.

Specific Financial Risk Exposures and Management

The main risks the Co-operative is exposed to through its financial instruments are credit risk, liquidity risk and market risk (consisting of interest rate risk). The Co-operative is not exposed to fluctuations in foreign currencies or to any material commodity price risk. The Co-operative does not enter into, or trade, financial instruments for speculative purposes.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Co-operative. Credit risk may arise from exposures to customers and deposits with financial institutions.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date, to recognised financial assets, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial statements.

The Co-operative does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Co-operative.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Co-operative might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to its financial liabilities.

The Co-operative manages liquidity risk by monitoring cash flows and ensuring that adequate cash reserves are maintained to meet the Co-operative's financial commitments.

The following table reflects an undiscounted contractual maturity analysis for financial liabilities and financial assets.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

The timing of cash flows to settle financial liabilities, presented in the following table, reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 26 Financial Risk Management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis

	Maturing within 1 Year			Maturing 1 to 5 Years			Maturing Over 5 Years			Total Contractual Cash Flow
	2015	2014	\$	2015	2014	\$	2015	2014	2015	2014
	\$			\$			\$		\$	\$
Financial assets - cash flows realisable										
Cash and cash equivalents	67,500	61,420		-	-		-	-	67,500	61,420
Other investments	-	-		-	-		1,000	1,000	1,000	1,000
Trade and other receivables	1,437,890	1,539,261		-	-		-	-	1,437,890	1,539,261
Total Financial Assets	1,505,390	1,600,681		-	-		1,000	1,000	1,506,390	1,601,681
Financial liabilities due for payment										
Bank overdraft	921,039	1,099,512		-	-		-	-	921,039	1,099,512
Commercial loans	674,371	7,659,615		6,564,445	431,106		-	-	7,238,816	8,090,721
Members' deposits	1,126,935	1,285,345		576,313	440,080		-	-	1,703,248	1,725,425
Members' shares	-	-		2,512,416	2,634,808		-	-	2,512,416	2,634,808
Trade and other payables	4,314,259	4,432,125		-	-		-	-	4,314,259	4,432,125
Total Financial Liabilities	7,036,604	14,476,597		9,653,174	3,505,994		-	-	16,689,778	17,982,591
Net (outflow)/inflow on financial instruments	(5,531,214)	(12,875,916)		(9,653,174)	(3,505,994)		1,000	1,000	(15,183,388)	(16,380,910)

These financial statements should be read in conjunction with the attached Independent Auditor's Report.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 26 Financial Risk Management (continued)

(c) Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows.

The Co-operative is exposed to interest rate risk as the Co-operative borrows funds at both fixed and floating interest rates. The Co-operative manages interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings.

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period for interest bearing financial assets and financial liabilities.

		-1%	-1%	+1%	+1%
	Carrying Amount	Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
Financial Liabilities					
Bank overdraft	921,039	9,210	9,210	(9,210)	(9,210)
Commercial loans	2,809,415	28,094	28,094	(28,094)	(28,094)
Members' deposits	1,703,248	17,032	17,032	(17,032)	(17,032)
Increase/(decrease)		54,336	54,336	(54,336)	(54,336)

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 27 Fair Value Measurements

The Co-operative measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Freehold land and buildings

(a) Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised as follows:

Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets and liabilities that the Co-operative can access at the measurement date.

Level 2: Measurements based on inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the assets or liability is included in Level 3.

Valuation techniques

The Co-operative selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Co-operative are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Co-operative gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 27 Fair Value Measurements (continued)

The following tables provide the fair values of the Co-operative's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within their fair value hierarchy.

		Level 1	Level 2	Level 3	Total
	Note	\$	\$	\$	\$
30 June 2015					
Recurring fair value measurements					
Financial Assets		-	-	-	-
Total financial assets recognised at fair value on a recurring basis		-	-	-	-
Non-financial assets					
Freehold land	11	-	5,785,000	-	5,785,000
Freehold buildings	11	-	6,498,375	-	6,498,375
Total non-financial assets recognised at fair value on a recurring basis		-	12,283,375	-	12,283,375
Total non-financial assets recognised at fair value on a non-recurring basis		-	-	-	-
Total non-financial assets recognised at fair value		-	12,283,375	-	12,283,375
Total liabilities recognised at fair value		-	-	-	-
30 June 2014					
Recurring fair value measurements					
Financial Assets		-	-	-	-
Total financial assets recognised at fair value on a recurring basis		-	-	-	-
Non-financial assets					
Freehold land	11	-	5,785,000	-	5,785,000
Freehold buildings	11	-	6,665,000	-	6,665,000
Total non-financial assets recognised at fair value on a recurring basis		-	12,450,000	-	12,450,000
Total non-financial assets recognised at fair value on a non-recurring basis		-	-	-	-
Total non-financial assets recognised at fair value		-	12,450,000	-	12,450,000
Total liabilities recognised at fair value		-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 27 Fair Value Measurements (continued)

There were no transfers between Level 1, Level 2 or Level 3 for assets or liabilities measured at fair value on a recurring basis during the reporting period (2014: no transfers).

(b) Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	2015 \$	2014 \$	Valuation Techniques	Inputs Used
Non-financial assets				
Freehold land	5,785,000	5,785,000	(i)	(ii)
Freehold buildings	6,498,375	6,665,000	(i)	(ii)
	<u>12,283,375</u>	<u>12,450,000</u>		

(i) Market approach using recent observable market data for similar properties.

(ii) Price per square metre.

The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

(c) Discounted Fair Value Measurements

The following assets and liabilities are not measured at fair value in the Statement of Financial Position. As stated in Note 27 (d) the net fair values of financial assets and financial liabilities approximates their carrying values.

Description	Fair Value Hierarchy Level	Valuation Techniques	Inputs Used
Financial Assets			
Cash and cash equivalents	2	(i)	(ii)
Other Investments	2	(i)	(ii)
Trade and other receivables	2	(i)	(ii)
Financial Liabilities			
Bank overdraft	2	(i)	(ii)
Commercial loans	2	(i)	(ii)
Members' deposits	2	(i)	(ii)
Members' shares	2	(i)	(ii)
Trade and other payables	2	(i)	(ii)

(i) Income approach using discounted cash flow methodology.

(ii) Market interest rates for similar assets and liabilities.

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Note 27 Fair Value Measurements (continued)

(d) Net Fair Values

The net fair values of financial assets and financial liabilities approximate their carrying values. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Note 28 Co-operative Details

The registered office of the Co-operative is:

Hastings Co-operative Limited
Level 1, 9-13 High Street
Wauchope NSW 2446

Hastings Co-operative Limited

ABN: 86 601 035 121

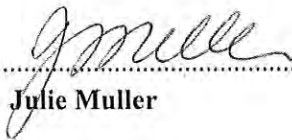
DIRECTORS' DECLARATION

The Directors of the Co-operative declare that:

1. The financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the financial statements, are in accordance with the *Co-operatives National Law (NSW)* and the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards which, as stated in Accounting Policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position of the Co-operative as at 30 June 2015 and of its performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they become due and payable.

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

Chairperson:.....


Julie Muller

Deputy Chairperson:.....


Lisa Intemann

Dated: 7 October 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Hastings Co-operative Limited

Report on the Financial Report

We have audited the accompanying financial report of Hastings Co-operative Limited, which comprises the Statement of Financial Position as at 30 June 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement Cash of Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

Directors' Responsibility for the Financial Report

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

In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We 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 Co-operative's preparation of the financial report that gives a true and fair view 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 Co-operative'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.

INDEPENDENT AUDITOR'S REPORT

To the members of Hastings Co-operative Limited

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001

Auditor's Opinion

In our opinion

- (a) the financial report of Hastings Co-operative Limited is in accordance with the *Co-operatives National Law* (NSW) and the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Co-operative's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

NorthCorp Accountants



Robert Magnussen

Partner

51 Cameron Street

Wauchope NSW 2446

Dated: 7 October 2015

CONTRIBUTING TO THE COMMUNITY

2 nd Wauchope Scout Group fundraiser	Wauchope Hospital
8th Annual Men's Stew Off Beechwood	Wauchope Men's Golf Club
Australia's Biggest Morning Tea	Wauchope Men's Veterans Golf Club
Australian Hearing	Wauchope Public School P & C
Beechwood Billycart Classic	Wauchope Rotary
Beechwood Football Club 2014	Wauchope RSL Amateur Fishing Club
Bundaleer Nursing home Fundraiser	Wauchope Show 2015
Christmas in July dinner at Wauchope Uniting Church	Wauchope Show Farmers Challenge
Comboyne Campdraft 2015	Wauchope Swimming Club Fundraiser
Comboyne Pre School Fundraiser 2015	Wauchope Thunder Rugby Club
Comboyne Show 2015	Wauchope Uniting Church Fundraiser
Comboyne Village Fair	Wauchope Women's Veterans Golf Club
Hastings Cancer Trust	Yesteryear Truck Show 2015
Hastings Country Music Association	
Hastings Education Fund	
Hastings Home Hospice Inc	
Hastings Maternity Coalition	
Hollisdale RFS Fundraiser	
Kendall search for William Tyrrell	
Lasiandra Festival 2015	
Marine Rescue Camden Haven	
Marovo Medical Foundation	
Melanoma March	
NSW Mid North Coast Local Health District	
Pappinbarra Progress Assoc Fundraiser	
Pedal for Pat	
Port Base Hospital Hastings MacLeay Dialysis Network	
Port City Breakers Rugby League Club	
Port Macquarie Art Society	
PPA (Pappinbarra Progress Association) Bush Dance	
RDA Bago Bush ride	
Rotary Port Macquarie Sunrise Club "The Big Dig"	
Slice of Haven 2015	
Tastings on Hastings	
Teen Antenatal Support Port Base Hospital	
The Hastings Valley Dressage Club Inc	
Wauchope 2nd Scout Jamboree 2016.	
Wauchope and Bonny Hills Surf Club	
Wauchope Centenary of Rail	
Wauchope Community Radio 2WAY FM	
Wauchope for the Wildside Adventure Race	
Wauchope High School P&C	
Wauchope High School Presentation	

CONGRATULATIONS

Congratulations to our Hastings Co-op Employees who have contributed over 10 years service as at 30th June 2015

Gwenda	JOHNSON	46
Robyn	PRITCHARD	31
Patricia	MILLER	29
Annette	MONKLEY	26
Sonny	HACKNEY	22
Elizabeth	MOULTON	22
Rhonda	HAWLEY	22
Denise	MOORE	22
Julie	MULLER	21
Matthew	WHITE	20
Kim	BARNES	19
Darren	PARTRIDGE	18
Jo-ann	DENHAM	18
Sarah	HUISMAN	17
Luke	MACKAY	17
Maxine	BYATT	17
Michael	SMITH	16
Gemma	BANNISTER	15
Helen	CURREY	14
Andrew	QUIBELL	14
Amy	YOUNG	13
Craig	SWAIN	13
Colleen	HOLLIS	12
Lynn	RYAN	12
Katrina	BATTLE	12
Cecil	BLANCH	12
Emma	DAVIS	12
Emma	NICHOLSON	11
Jarrold	EYLES	11
Terence	HALLORAN	11
Tania	ARENTSEN	11
Kathryn	NOCKE	11
Dionne	ALLEN	11
Allan	FARLEY	10
Daniel	LANGENS	10



HASTINGS CO-OPERATIVE LTD. **99TH ANNUAL REPORT**

Hastings Co-operative Ltd | ABN 86 601 035 121
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