



104th Annual Report 2019-20



2019-20 Highlights

- Net Promoter Score of +30 (Dec 2019 Customer survey)
- 39% increase in Co-op 100 members, 5,884 in 2018-19 to 8,182 in 2019-20
- Wauchope IGA Liquor crowned IGA Liquor Retailer of the Year for the eighth time

Caring for our environment

- Efficiencies to reduce wastage and increase recycling
- Reverse vending machines at two locations
- Modernisation of our fleet
- Increased use of solar panels

Giving back

- 4,273 active Shareholder members: \$258,760 returned in rewards vouchers
- 8,182 Co-op 100 members: \$85,035 returned in rewards vouchers
- Sponsorships for local community groups, charities and events
- \$10,000 donated to the Rural Fire Service
- Employment for more than 350 locals
- Supporting and showcasing local producers and suppliers

Growing and diversifying

- Opening of Sovereign Hills IGA + Liquor, Home Timber & Hardware and Juice Box

	2013 \$m	2014 \$m	2015 \$m	2016 \$m	2017 \$m	2018 \$m	2019 \$m	2020 \$m
Total revenue	73.0	75.1	74.8	75.7	81.4	86.1	90.8	96
Total expenses	73.4	74.5	74.2	74.5	80.2	85.2	89.6	96.3
Net profit before tax	(0.4)	0.6	0.6	1.2	1.2	0.9	1.2	(0.3)
Net profit after tax	(0.4)	0.5	0.6	1.3	1.2	0.9	1.3	0.0
Gain / (loss) on revaluation		0.6						2.8
Total comprehensive income	(0.4)	1.1	0.6	1.3	1.2	0.9	1.3	2.8
Total assets	21.7	21.5	21.0	21.2	21.7	22.9	31.3	46.8
Total liabilities	20.1	18.8	17.6	16.9	16.2	16.5	24.2	36.9
Equity	1.6	2.7	3.4	4.3	5.5	6.4	7.1	9.9
Member shares	2.6	2.6	2.5	2.4	2.2	1.9	1.7	1.5

Performance at a glance for the year ending June 30, 2020

Annual General Meeting 2020

Notice is hereby given that the 104th Annual General Meeting of the Hastings Co-operative Limited will be held on Tuesday, November 17, 2020 at Wauchope Country Club, in the auditorium, 24 King Street, Wauchope, commencing at 9.30am.

1. **Welcome and apologies**
2. **Acknowledgement of country**
3. **Co-operative prayer**
4. **Receipt and noting of minutes**
 - a. To receive and note the minutes of the 103rd Annual General Meeting held on November 19, 2019 as adopted by the Board. Copies will be available at the meeting of shareholder members. A member can request a copy prior to the meeting from the Co-operative Secretary.
5. **Business arising from the minutes**
6. **Report from Chair**
7. **Report from the Chief Executive Officer**
8. **Report from the Independent Auditor**
9. **To receive and adopt the following for the year ending the June 30, 2020**
 - a. Directors' report and Directors' declaration
 - b. Annual financial statements
 - c. Independent auditors' report
10. **Questions from members– with notice**
11. **Director's remuneration**

It is recommended that the total remuneration, for a Board of seven, be \$106,413.78 (2019 \$106,413.78). This represents no increase over the 2019 remuneration.
12. **To confirm the appointment of Northcorp Accountants as the independent Auditor for 2020/21**
13. **To declare the result of any director election**
14. **To declare the result of any special resolutions**
15. **Close.**

Copies of the 2019-20 Annual Financial Reports (Including the Independent Auditor's Report) will be available from Monday, November 2, 2020 at www.hastingscoop.com.au or at the registered office, Level 1, 9-13 High Street Wauchope. You can also request a copy by phoning 02 65 888 999.

Questions

Please submit all questions in writing at least three 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.

By order of the Board of Directors

Allan Gordon - Co-operative Secretary

October 6, 2020

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Chairman's report

It gives me pleasure to present my report to you, our members, for the 2019/2020 financial year.

The year has presented one of the most unprecedented and challenging operating environments that the Co-op has experienced in its 104-year history. Bushfires impacted our communities from November into early 2020. The drought that we have suffered for some years did come to an end; which provided small relief to many in the community, however, the Co-op faced further significant challenges with the outbreak of the Covid-19 virus and the declaration by the World Health Organisation of a global pandemic in March. Such a traumatic event had not been experienced since 1918-19 with the last great pandemic.

The Co-op was fortunate that our businesses were not forced to close, but the implementation of government measures to reduce the spread of Covid-19 in the community had an adverse effect on operations. These impacts continue at the time of writing this report.

The new Sovereign Place IGA opened in November 2019, and after a difficult start, has shown a steady improvement in sales. Sovereign Hills will continue to grow over the years ahead as the population expands in the immediate district.

A change in accounting requirements came into effect from 1 July, 2019 with the adoption of Accounting Standard AASB 16 - Leases. Under this standard, a lease is recognised in the Statement of Financial Position (except for short term leases and leases of low value assets). The implementation of this new standard has had a significant impact on the Co-op's financial performance for the year. Members will note that the notional charges under the accounting standard of Interest on Lease Liabilities - \$650,336 and Amortisation of Right of Use Assets - \$1,118,630.

Please refer to note 2 in the financial statements, where the full impact of the standard for the year ending 30 June, 2019 is detailed.

From a cashflow position, the net cash from operating activities remains strong, at \$2,509,007 (2019 - \$2,289,566), which is an excellent result.

Sovereign Place IGA was a major contributor to the increase in leasehold liabilities. More on this accounting change will be addressed in the presentation of the financial results.

For the 2019/20 year a break-even result was achieved after the application of these costs at \$901 profit (2019 - \$1,306,110 profit).

The Board's strategy is to sustainably expand business operations when appropriate opportunities arise, however, current circumstances facing the Co-op reinforces the position taken last year to consolidate existing businesses.

The Board and management team continues to promote to members the positives of being part of the Co-op family and this has been the continuing theme in marketing and communications over the past year. The diversity of our businesses, and the level of products and services we provide is something I think all members can be proud of.

Community giving programs continue to be well received by the groups and clubs that have benefited, and you will find a list of these groups in this report. The Board sees the support the Co-op gives as part the fabric of what makes us a co-operative - and we look forward to doing so again in 2020/21.

Our CEO Allan Gordon will be elaborating more on our performance and the progress against our strategic objectives in his report, and on behalf of the Board I extend thanks to Allan and his team for the work and commitment they display on a day-to-day basis.

Special thanks is extended to shareholder members, staff, customers, suppliers and the local community for their continuing support. It is this support that makes Hastings Co-op strong and very unique.

In closing, I thank my fellow directors for their individual contributions to the Board over the past 12 months and the varied skills that they bring to the Board and its deliberations.

David Johnson
Chairman

Chief Executive Officer's report

To say that this financial year has been a challenge really is an understatement. We know our members have endured some very tough times over the past 12 months. If drought, bushfires and floods were not enough the Covid-19 pandemic has really affected our community. And whilst we've been extremely lucky in terms of the number of infections in this area, the ongoing economic conditions mean that the current trading environment will have an effect on some of our businesses well into 2021 and beyond.

You will find a very significant change in the way we have reported our Profit and Loss result for the financial year. The Co-op is required to comply with the Australian Accounting Standard AASB 16: Leases. In simple terms, it means that all our operating leases, such as the lease on buildings, have to be brought into the accounts of the Co-op as both assets and liabilities.

Our Profit and Loss statement then reflects the amortisation on what are called "right of use assets" and interest on the lease liability, being the lease. In the past, the lease payment would reflect in the profit and loss, however, as the right of use asset is amortised over the life of the lease the Co-op bears a greater proportion of the amortisation and interest at the beginning of the lease than it does when the lease is coming to an end. The calculation is similar to what you may have experienced with a personal loan, where a greater proportion of the interest is paid off at the beginning of the loan term than at the end.

The overall effect of applying The AASB 16 Leases Standard on the 2020 financial result can be summarised as follows; had the standard not come into play the Co-op would have recorded a pre-tax profit of \$209,080. In addition, a lease incentive payment of \$500,000 was received in relation to the leasing of property at Sovereign Place. Prior to AASB 16 the \$500,000 lease incentive would have been recognised as revenue over the term of the lease. Under AASB16 the lease incentive is recognised as a reduction of the right of use asset balance contained in the statement of financial position.

The 2019/20 financial year started out as a very exciting time for the Co-op, with the acquisition of the Enterprise Rent A Car franchise in Port Macquarie. From August to November we saw excellent growth in this business and in December we saw mass cancellations as the bushfires took hold and tourists and businesspeople alike cancelled their plans to come to Port Macquarie. After recovering in February and March 2020, with an average of 78% of our fleet being utilised over the month, Covid-19 struck and overnight, utilisation rates dropped to under 20% and remained that way for some time. We were quick to respond, however, we have sold a number of consumer vehicles and replaced them with a commercial fleet, which is now starting to achieve good patronage from other businesses and consumers alike.

November 2019 saw another milestone, with the opening of Sovereign Place IGA. We have received excellent feedback on the store - from its modern ambience, to the range and quality of products and outstanding offering from our in-store butchery.

Bushfires again dampened the opening of the new supermarket, and the expected customer numbers fell short, however, this has slowly recovered and each month we are seeing good growth in customer numbers and sales as the store's reputation grows. Within the next five years we expect this store to be trading at the same level as Wauchope IGA.

It would be remiss of me not to address the effect Covid-19 has had on the Co-op since March 2020. The fuel division saw an immediate drop in business at the retail outlets of over 40% on normal trade. To date we have only recovered about 20% of this drop, as travel restrictions and a general unease about travelling remains.

At the height of the first lockdown, our Departments Stores saw a drop in trade of over 75%. We were forced to firstly reduce hours and then close the Laurieton and Port stores for several weeks as the 'stay at home' directive took hold.

Chief Executive Officer's report

Our farm supplies division had just started to see an uplift in sales following the breaking of the drought when Covid-19 hit. Mitre 10 saw an initial uptick in sales as DIY became the flavour of the month, and by the end of the financial year both rural and hardware had recovered to pre-Covid sales.

Whilst some of the divisions suffered considerably our IGA and liquor stores were kept extremely busy trying to satisfy consumer demand for life's essentials. I am very proud of the way our staff stepped up during this period, often under enormous pressure, delivering day-in and day-out to you, our members and customers. I know there were some very tense times during April when product shortages struck hard, and I also thank you for being extremely considerate and understanding during this time.

Despite the adverse conditions, I am very proud of the fact that we did not lay off staff, and due to our diversity, we were about to re-deploy staff into areas of need at the height of the pandemic.

This brings me to our financial position, which saw the Co-op record a net profit after tax of \$901. Whilst this is considerably down on the 2019 (\$1.3M) I ask members to consider the overall effects of the drought, bushfires and Covid-19 in particular. Additional unforeseen costs in the establishment of Sovereign Place IGA were encountered and with any new store there is a lag time between opening and when the store becomes profitable. We saw this when Timbertown IGA was finding its feet after Wauchope IGA opened, and it is the same with Sovereign Place IGA. The positive aspect though is that the trading at Sovereign Place IGA grows each month, and we are very confident that this will be one of the Co-op's leading stores within a few short years. As I mentioned at the start of this report, the change in accounting standards has also had a significant effect on the recorded profit figure for this year. Overall, I am very proud of the result we have achieved in a very difficult year.

2020-21 will be a year of consolidation and we have commenced launching a number of projects that will make the Co-op a far more efficient organisation into the future. Our focus this year will be the development of our staff, investment in technology and understanding our customers so that we can deliver a better offering to you, no matter what business you use. Continuing to provide a safe working environment for our staff and investing in new infrastructure that will make their jobs easier will also be our aim.

Our vision is;

To create a sense of belonging where;

Our members and staff are our family

Our customers are our friends

Our suppliers are our partners, and

We are very proud to deliver goods and services into the communities in which we serve.

We hope that over the next 12 months you do feel that you are part of the Co-op family and are proud to be so.

In closing, I remain honoured to be your CEO and thank you for your continued patronage. It is not taken for granted and it is definitely appreciated. And finally, to David Johnson and the Board, your continued wisdom and guidance is very much welcome.

Allan Gordon
Chief Executive Officer

Giving back to the community

We've been a part of the Hastings community for generations and love supporting hard-working community groups that make a real difference to the Hastings way of life, whether that's sports clubs, schools, volunteer organisations or disability and special interest groups.

Our 'locals supporting locals' philosophy encompasses everything from local job opportunities and showcasing local producers in our stores to working with the community to ensure the region continues to thrive.

Here are some of the groups we've supported during the 2019-20 financial year:

- Beechwood Public School
 - Beechwood Public School P&C
 - Beechwood Shamrocks Rugby League Football Club
 - Camden Haven Show
 - Charles Sturt University scholarships
 - Comboyne Public School
 - Comboyne Show
 - Comboyne Spring Fair
 - Comboyne Campdraft
 - Comboyne Tigers Rugby League Football Club
 - Creek to Creek, Queens Lake Trail
 - Greater Port Macquarie Business Awards
 - Grown and Gathered Community Market
 - Hastings Business Womens Network
 - Hastings District Pony Club
 - Hastings Education Fund (HEF) scholarship
 - Hastings Macleay Renal Services
 - Hastings Secondary College
 - Hastings Valley Dressage Club
 - Hollisdale Rural Bushfire Brigade
 - Huntingdon Public School
 - Koala Hospital
 - Legacy
 - Lions Club of Wauchope
 - Make A Difference – M.A.D
 - Meals on Wheels
 - Mid North Coast CC4WD
 - MotoFest
 - Newman Senior Technical College
 - NSW Regional Business Awards
 - Pappinbarra Progress Association
 - Port Macquarie Community Preschool
 - Port Macquarie Cycle Club
 - Port Macquarie Hastings Hockey Club
 - Port Macquarie Touch Football
 - Rollands Plains Community Group
- Rollands Plains Rural Fire Service
 - St Joseph's Primary School, Wauchope
 - Upper Rollands Plains Public School
 - Wauchope and Port Macquarie Riding for the Disabled
 - Wauchope Bonny Hills Surf Life Saving Club
 - Wauchope District Memorial Hospital
 - Wauchope Fitness Centre
 - Wauchope Blues Junior Rugby League Football Club
 - Wauchope Girl Guides
 - Wauchope High School
 - Wauchope Hospital Palliative Care
 - Wauchope Jockey Club
 - Wauchope Lady Golfers
 - Wauchope Mens Bowling Club
 - Wauchope Mens Golf Day
 - Wauchope Netball Club
 - Wauchope Park Run
 - Wauchope Public School
 - Wauchope Public School P&C
 - Wauchope Rotary Club
 - Wauchope RSL Amateur Fishing Club
 - Wauchope RSL Cricket Club
 - Wauchope Show Society
 - Wauchope Soccer Club
 - Wauchope Swimming Club
 - Wauchope Veterans Womens Golf
 - Westpac Rescue Helicopter
 - Woop Woop Cup
 - Yesteryear Truck and Machinery Show

Congratulations to long serving staff

Congratualtions to the following staff who have served more than 10 years as at June 30, 2020.

Employee Name	Years of service
JOHNSON, Gwenda Joan	51
MILLER, Patricia Anne	34
MONKLEY, Annette Kay	31
MOULTON, Elizabeth	27
HACKNEY, Sonny William	27
HAWLEY, Rhonda Lee	27
MOORE, Denise Joy	27
WHITE, Matthew Craig	25
BARNES, Kim Louise	24
PARTRIDGE, Darren Graham	23
BYATT, Maxine Debra	22
MACKAY, Luke James	22
HUISMAN, Sarah	22
SMITH, Michael	21
BANNISTER, Gemma Tricia	20
QUIBELL, Andrew Wayne	19
CURREY, Helen Ruth	19
SWAIN, Craig James	18
BLANCH, Cecil Bruce	17
RYAN, Lynn Jeanette	17
NICHOLSON, Emma Nicole	16
NOCKE, Kathryn Marie	16
ARENTSEN, Tania Lee	16
EYLES, Jarrod Anthony	16
ALLEN, Dionne Anne	16
FARLEY, Allan Stanford	15
LANGENS, Daniel	15
LENKIC, Mario	14
MCWHIRTER, Warren Grant	13
SHAW, Susan Kay	13
KELLY, Kelvin Paul	13
ATTKINS, Lisa Marie	13
PEAD, Kerrie Una	13
STANDRING, Judith Anne	12
HINDMARCH, Coralie Anne	12
LEACH, Bradley John	12
MCKAY, Michele Anne	12
COOK, Leanne Kay	11
MILLER, John Anthony	11
STALLEBRASS, Jodie Maree	11
VERY, Suzanne Marie	11
LATIMORE, Colin William	10
HARRIS, Alisan Kim	10
GRANT, Vicki Elizabeth	10
LINCOLN, Melissa	10
LANGENS, Maddison Kate	10
LENKIC, Lorraine Frances	10
BLACKBURN, Tracey Lee	10
BROWNLOW, Jodee-Ann	10
HARGY, Julie Michelle	10
LEACH, Carol Leeanne	10





FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

ABN 86 601 035 121

Contents

FOR THE YEAR ENDED 30 JUNE 2020

Hastings Co-operative Limited

ABN: 86 601 035 121

30 June 2020

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Hastings Co-operative Limited

ABN: 86 601 035 121

DIRECTORS' REPORT**30 June 2020**

Your Directors present their report on the Co-operative for the financial year ended 30 June 2020

Directors

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

David Johnson (Chairperson)

Lisa Intemann

Richard McGovern

Rodney Barnaby

Jaclyne Fisher

Robert Preston

Gary Humphreys

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) was appointed Co-operative Secretary on 01/05/2013 and 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 bulk fuel, hospitality and rental vehicles.

Operating Results

The total revenue for the Co-operative was \$96,020,849 for the current financial year as compared to restated revenue of \$90,795,226 the previous financial year. The profit of the Co-operative for the financial year after providing for income tax amounted to \$901 compared to a restated profit of \$1,306,110 in the previous financial year.

Dividends

No dividend is recommended to be paid for the financial year ended 30 June 2020.

Shareholder reward vouchers issued for the financial year totaled \$258,760 and Co-op 100 Vouchers issued for the financial year totaled \$85,035.

Review of Operations

The overall retail environment was extremely volatile over the course of 2019-20. The effects of the drought, followed by bushfires and the COVID-19 Pandemic have had a significant impact on the overall operations of the Co-op. Costs associated with the establishment of the Sovereign Hills Supermarket and Hardware store have also impacted the financial result for the year ended 30 June 2020.

Hastings Co-operative Limited

ABN: 86 601 035 121

DIRECTORS' REPORT**30 June 2020****Significant changes in State of Affairs**

The following significant changes in the state of affairs of the Co-operative occurred during the financial year:

The Co-operative acquired a franchise car rental services business on 29 July 2019 and commenced operations of the Sovereign Hills IGA Supermarket on 21 November 2019.

On 11 March 2020, the World Health Organisation declared a global pandemic in relation to the COVID-19 virus.

The additional costs associated with the implementation of government measures to reduce the spread of COVID-19 in the community, has had an adverse impact on the operating results of the Co-operative for the year ended 2020. However, it is not practicable to provide a reliable estimate of the financial effect of this event on the operations of the Co-operative as at the date of this report.

There were no other 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 Company, the results of those operations or the state of affairs of the Co-operative in future financial years.

Future Developments

Compliance with Government Regulations designed to reduce the spread of COVID-19 are expected to have a continuing detrimental impact on the operating results of the Co-operative during the 2021 financial year. However, due to the uncertainty in relation to the extent of containment of the virus, it is not possible to reliably estimate the effect of this matter on the results of the operations of the Co-operative in future financial years.

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 held 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 2020

Meetings of Directors

During the financial year, 27 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' Meetings		Special Meetings		Audit and Risk Committee		Marketing and Innovations 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
David Johnson	11	11	7	6	3	3	-	-	2	2
Lisa Intemann	11	10	7	6	3	3	-	-	-	-
Richard McGovern	11	11	7	7	-	-	4	4	1	1
Rodney Barnaby	11	10	7	6	-	-	4	4	-	-
Jaclyne Fisher	11	10	7	4	-	-	4	4	1	1
Robert Preston	11	11	7	7	3	3	-	-	2	2
Gary Humphreys	11	10	7	7	3	3	-	-	1	1

Hastings Co-operative Limited

ABN: 86 601 035 121

DIRECTORS' REPORT

30 June 2020

Information on Current Directors

David Johnson – Independent Non-Executive Director, BA, CPA, Grad Dip AICD, JP



David has been a member of the Board since 2013 and has been Chair since 2016. David holds the position of Chair of the Nominations Committee and is member of the Governance Committee. David is a professional company director and has over 30 years' experience in the banking and finance industry as well as 12 years company secretarial experience. David brings to the Board a wealth of experience in business management and accounting as well as governance, policy development and risk management. David holds one outside directorship with Regional Australia Bank.

Lisa Intemann – Independent Non-Executive Director PhD, BA (Hons), BappSc, Grad. Dip Soc.Sc. Cert of Mediation, Member AICD.



Lisa joined the Board in 2012 and is currently the Chair of the Audit and Risk Committee. Lisa is currently an elected Councillor for the Port Macquarie Hastings Council serving from 1995 to 2008 and from 2012 to the present. Lisa has an extensive background in small business management having managed family businesses for many years. Lisa brings to the Board her expertise in governance and strategic planning, risk management and policy development.

Richard McGovern – Independent Non - Executive Director - Cert III in Bus Mkt/Promotions and Customer Service



Richard McGovern is a member of the Marketing and Communications Committee. Richard has been a small business owner in Wauchope since 2004 as well as being the Community Liaison officer for Westpac Rescue Helicopter. Richard has a background in sales, marketing and promotion and brings knowledge and expertise to the Board in these areas. Richard is a member of the Port Macquarie Hastings Council – Mayors Sporting Fund Committee and has been a Director of the Co-operative since 2013.

Rodney Barnaby – Independent Non-Executive Director – B.Eng Honors (Civil) MBA



Following a successful military career as an officer in the Australian Army, Rod has extensive corporate experience from owning and managing a national high-volume customer facing service business. He has also owned and managed smaller businesses including a local training and development company. Rod brings to the Board skills in strategic planning and leadership, governance and commercial decision making. Rod is the Chair of the Marketing and Innovation committee. Rod currently sits on the Board of Destination Network North Coast and Bundaleer Care Services. Rod is the owner and Director of Biodiversity Solutions Australia Pty Ltd and has recently commenced as a strengthening Business Facilitator for Business Australia.

Jaclyne Fisher – Independent Non-Executive Director – B.Comm (UNSW) MBA (UQ/Mt Eliza Bus School)



Jaclyne joined the Board in 2017 and is a member of the Governance Committee and the Marketing and Innovation committee. Jaclyne has had a career spanning over 35 years including senior executive and strategic management roles in Australia and overseas. Jaclyne brings a wealth of experience to the Board in leadership, strategic planning, risk management and corporate governance. Jaclyne is currently the Secretary/Board member for the Advocacy Law Alliance as well as the treasurer for the Hastings Valley Dressage Club, she is also a former president of the Australia Warmblood Horse association.

Hastings Co-operative Limited

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DIRECTORS' REPORT

30 June 2020

Robert Preston – Independent Non-Executive Director – Assoc. Dip OH&S (Newcastle)



Robert or Bob as he is known joined the Board in 2018 and is a member of the Audit & Risk and Governance committees. Bob has had a distinguished career in the areas of Project delivery and OH&S. He has worked with Caltex where he was instrumental in the delivery of high order application of systemic risk management and preventative strategies. Bob also had a long career with Thiess Pty Ltd where he was the Safety and Environmental Manager in the process engineering and industrial projects division. Bob brings to the Board a wealth of experience in the risk management and WH&S sphere as well as project management, strategic thinking and commercial acumen.

Gary Humphreys – Independent Non-Executive Director – Grad. AICD, Advanced Management Program (Harvard Business School)



Gary joined the Board in 2019 and is currently the Chair of the Governance Committee. Gary is also a member of the Audit and Risk Committee. Gary is currently a board member of P & N Bank, Local Land Services North Coast and CanAssist and previously held senior executive positions with Country Energy and Essential Energy. Gary brings to the board a wealth of experience in risk management, governance, strategy and executive leadership.

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.

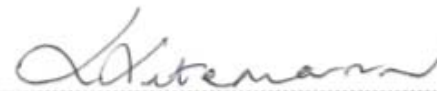
To the executive and all staff, we offer our sincere thanks for your loyalty and co-operation throughout the past year.

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

Chairperson:


David Johnson

Director:


Lisa Intemann



PARTNERS
Robert Magnussen B Bus FCA
Paul Fahey B Bus CA
Rodney Smith B Fin Admin FCA
Bart Lawler B Com CA
Patrick Brennan B Com CA
Alison McKinnon B Bus CA

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 2020 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



Darren Johnson
Lead Auditor
Registered Company Auditor

Dated: 22 September 2020

3/80 High Street
WAUCHOPE NSW 2446



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Liability limited by a scheme approved under Professional Standards Legislation

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2020

Hastings Co-operative Limited

ABN: 86 601 035 121

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2020

	Note	2020 \$	2019 Restated (refer Note 2) \$
Revenue	3	96,020,849	90,718,347
Other income	3	-	76,879
		96,020,849	90,795,226
Changes in inventories	4	785,342	426,107
Inventory purchases	4	(75,823,536)	(72,169,052)
Bad and doubtful debts expense	4	(20,626)	(27,382)
Depreciation and amortisation expense	4	(2,565,417)	(1,774,387)
Employee benefits expense		(11,454,137)	(9,819,642)
Finance costs	4	(1,185,192)	(821,818)
Other expenses		(6,085,528)	(5,384,786)
		(96,349,094)	(89,570,960)
Profit/(loss) before income tax		(328,245)	1,224,266
Income tax expense	5	329,146	81,844
Profit/(loss) for the year		901	1,306,110
Other comprehensive income for the year			
Net gain/(loss) on revaluation of land and buildings, net of tax		2,825,382	-
Total other comprehensive income for the year		2,825,382	-
Total comprehensive income for the year		2,826,283	1,306,110
Profit / (loss) attributable to members of the Co-operative		901	1,306,110
Total comprehensive income attributable to members of the Co-operative		2,826,283	1,306,110

The accompanying notes form part of these financial statements.

Statement of financial position

AS AT 30 JUNE 2020

Hastings Co-operative Limited

ABN: 86 601 035 121

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	2020 \$	2019 Restated (refer Note 2) \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	99,100	78,800
Trade and other receivables	8	1,069,018	1,795,073
Inventories	9	6,179,273	5,397,019
Other assets	11	93,946	81,692
Total Current Assets		7,441,337	7,352,584
Non-Current Assets			
Other financial assets	10	1,000	1,000
Right-of-use assets	12	14,205,069	6,683,727
Property, plant and equipment	13	23,410,166	16,085,621
Intangible assets	14	615,359	358,569
Deferred tax assets	15	1,145,408	816,262
Total Non-Current Assets		39,377,002	23,945,179
TOTAL ASSETS		46,818,339	31,297,763
LIABILITIES			
Current Liabilities			
Trade and other payables	16	5,178,393	4,895,065
Borrowings	17	1,591,138	1,219,331
Short-term provisions	19	1,119,184	1,112,284
Lease liabilities	20	556,242	739,363
Other liabilities	21	139,060	129,542
Total Current Liabilities		8,584,017	8,095,585

The accompanying notes form part of these financial statements.

Statement of financial position

FOR THE YEAR ENDED 30 JUNE 2020

Hastings Co-operative Limited

ABN: 86 601 035 121

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	2020 \$	2019 Restated (refer Note 2) \$
Non-Current Liabilities			
Borrowings	17	10,783,514	7,173,806
Members' shares	18	1,548,746	1,715,056
Long-term provisions	19	316,096	295,421
Lease liabilities	20	15,663,127	6,921,339
Total Non-Current Liabilities		28,311,483	16,105,622
Total Liabilities		36,895,500	24,201,207
NET ASSETS		9,922,839	7,096,556
EQUITY			
Reserves	23	8,153,761	5,328,379
Retained earnings		1,769,078	1,768,177
TOTAL EQUITY		9,922,839	7,096,556

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2020

Hastings Co-operative Limited

ABN: 86 601 035 121

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2020

2020	Retained Earnings \$	Asset Revaluation Surplus \$	Total \$
Balance at 1 July 2019	1,768,177	5,328,379	7,096,556
Profit / (loss) attributable to members of the Co-operative	901	-	901
Other comprehensive income	-	2,825,382	2,825,382
Total comprehensive income for the year	901	2,825,382	2,826,283
Balance at 30 June 2020	1,769,078	8,153,761	9,922,839
2019			
Balance at 1 July 2018	462,067	5,328,379	5,790,446
Profit / (loss) attributable to members of the Co-operative	1,306,110	-	1,306,110
Other comprehensive income	-	-	-
Total comprehensive income for the year	1,306,110	-	1,306,110
Balance at 30 June 2019	1,768,177	5,328,379	7,096,556

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 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities:			
Receipts from customers		103,258,095	96,804,346
Payments to suppliers and employees		(99,577,180)	(93,704,777)
Interest received		13,284	11,815
Finance costs		(1,185,192)	(821,818)
Net cash provided by (used in) operating activities	28(a)	2,509,007	2,289,566
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		143,138	86,093
Purchase of property, plant and equipment		(6,116,408)	(1,643,394)
Purchase of intangible assets		(292,688)	(39,292)
Net cash provided by (used in) investing activities		(6,265,958)	(1,596,593)
Cash flows from financing activities:			
Shares issued		-	-
Shares repaid		(122,959)	(247,279)
Proceeds from lease incentives		500,000	-
Net increase / (decrease) in borrowings		3,921,501	35,745
Repayments of lease liabilities		(581,305)	(629,124)
Net cash provided by (used in) financing activities		3,717,237	(840,658)
Net increase (decrease) in cash and cash equivalents		(39,714)	(147,685)
Cash and cash equivalents at beginning of financial year		(228,751)	(81,066)
Cash and cash equivalents at end of financial year	7	(268,465)	(228,751)

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 2020

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

The financial report was authorised for issue by the Board of Directors on 22 September 2020.

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 the *Co-operatives National Law (NSW)*, the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Co-operative is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 profit or loss is the tax payable on taxable income for the current period. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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 2020****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.

Financial instruments (except for trade receivables) 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 expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price.

Classification and Subsequent Measurement*Financial Liabilities*

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or financial liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial Assets

Financial assets are subsequently measured at:

- amortised cost; or
- fair value through other comprehensive income.

Financial assets comprising cash and cash equivalents, trade and other receivables and interest bearing deposits are subsequently measured at amortised cost as they meet the following conditions:

- the financial assets are managed solely to collect contractual cash flows; and
- the contractual terms within the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****Note 1 Summary of Significant Accounting Policies (continued)****(c) Financial Instruments (continued)****Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets

A financial asset is derecognised when the Co-operative's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all the risks and rewards of ownership of the asset have been substantially transferred; and
- the Co-operative no longer controls the asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the financial asset reserve is not reclassified to profit or loss, but is transferred to retained earnings

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment of Financial Assets

The Co-operative recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

A loss allowance is not recognised for investments measured at fair value through other comprehensive income.

Recognition of expected credit losses in financial statements

At each reporting date, the Co-operative recognises the movement in the loss allowance as an impairment gain or loss in the statement of comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Financial assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss 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 2020****Note 1 Summary of Significant Accounting Policies (continued)****(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, accumulated depreciation and any 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) less accumulated impairment losses and accumulated depreciation for buildings. The fair value of freehold land and buildings is based on periodic valuations performed by independent external valuers at least once in every five years.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same asset are charged against the asset revaluation reserve directly in equity. All other decreases are recognised in profit or loss.

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 and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of the 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 recognised in profit or loss during the financial period in which they are incurred.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****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 50%

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 profit or loss 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 amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and amount in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

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.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****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.

Software

Items of computer software which are not integral to the computer hardware owned by the Co-operative are classified as intangible assets. Computer software held as an intangible asset is amortised over the expected useful life of the software which is generally determined to be 4 years.

(i) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Co-operative during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(j) 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.

(k) 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 profit or loss.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****Note 1 Summary of Significant Accounting Policies (continued)****(l) 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.

(m) Revenue Recognition

Revenue is recognised when control of the goods and services has transferred to the customers. For such transactions, this is the point in time when the goods are delivered to customers or the services are received by customers.

Interest revenue is recognised using the effective interest method.

Receivables are recognised when items are delivered or services received, as at this point consideration is unconditional since only time needs to pass before payment of that consideration is due.

(n) 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.

(o) Leases

At the commencement of a lease, the Co-operative recognises a right-of-use asset and a corresponding lease liability for the lease term. The lease term includes extension periods where the Co-operative believes it is reasonably certain that an option to extend the term of the lease will be exercised.

Right-of-use assets are measured using the cost model where cost on initial recognition comprises the lease liability, initial direct costs, prepaid lease payments, estimated costs of removal and restoration less any lease incentives received.

Right-of-use assets are recognised in the financial statements at cost, using the cost model as described above, less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term, or the useful life of the underlying assets whichever is shorter, on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liabilities are initially measured at the present value of the remaining lease payments at the commencement of a lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined the Co-operative's incremental borrowing rate is used.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****Note 1 Summary of Significant Accounting Policies (continued)****(o) Leases (continued)**

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured where there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Co-operative's assessment of the lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(p) 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). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables 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 on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(q) Comparative Figures

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

(r) Adoption of New and Revised Accounting Standards***Initial Application of AASB 16: Leases***

The Co-operative has adopted *AASB 16: Leases* with a date of initial application of 1 July 2019. As a result, the Co-operative has changed its accounting policy for leases as detailed in Note 1 (o).

The impact in relation to the initial adoption of AASB 16 is described in Note 2 to these financial statements.

(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.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****Note 1 Summary of Significant Accounting Policies (continued)****Critical Accounting Estimates and Judgements (continued)*****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 8.5% 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.

Note 2 Change in Accounting Policy**Leases - Adoption of AASB 16**

The Co-operative has applied AASB 16 using the retrospective approach which has resulted in the balances of right-of-use assets and lease liabilities for the year ended 30 June 2020, including the comparative amounts, being recognised, measured and disclosed using the same lease accounting policies.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Co-operative as a lessee

Prior to the adoption of AASB 16 the Co-operative accounted for lease transactions and balances in accordance with AASB 17. Under AASB 117, the Co-operative assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Co-operative or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Co-operative has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases is recognised in the statement of comprehensive income on a straight line basis.

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 2 Change in Accounting Policy (continued)**Statement of Comprehensive Income**

On adoption of AASB 16, the following changes were made to the statement of comprehensive income for the year ended 30 June 2019.

	Year ended 30 June 2019 as previously reported	Adjustment on adoption of AASB 16	Year ended 30 June 2019 restated for AASB 16
	\$	\$	\$
Revenue	90,659,321	59,026	90,718,347
Other income	76,879	-	76,879
	90,736,200	59,026	90,795,226
Changes in inventories	426,107	-	426,107
Raw materials and consumables used	(72,169,052)	-	(72,169,052)
Bad and doubtful debts expense	(27,382)	-	(27,382)
Depreciation and amortisation expense	(1,006,406)	(767,981)	(1,774,387)
Employee benefits expense	(9,819,642)	-	(9,819,642)
Finance costs	(424,621)	(397,197)	(821,818)
Rent expense	(1,026,321)	1,026,321	-
Other expenses	(5,390,559)	5,773	(5,384,786)
	(89,437,876)	(133,084)	(89,570,960)
Profit/(loss) before income tax	1,298,324	(74,058)	1,224,266
Income tax (expense)/revenue	59,626	22,218	81,844
Profit for the year	1,357,950	(51,840)	1,306,110

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 2 Change in Accounting Policy (continued)**Statement of Financial Position**

The following changes were made to the statement of financial position at 30 June 2019 due to the adoption of AASB 16.

	Previously reported carrying amount	Adjustment on adoption of AASB 16	AASB 16 carrying amount
	\$	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	78,800	-	78,800
Trade and other receivables	1,795,073	-	1,795,073
Inventories	5,397,019	-	5,397,019
Other assets	81,692	-	81,692
Total Current Assets	7,352,584	-	7,352,584
Non-Current Assets			
Other financial assets	1,000	-	1,000
Right-of-use assets	-	6,683,727	6,683,727
Property, plant and equipment	16,085,621	-	16,085,621
Intangible assets	358,569	-	358,569
Deferred tax assets	523,169	293,093	816,262
Total Non-Current Assets	16,968,359	6,976,820	23,945,179
Total Assets	24,320,943	6,976,820	31,297,763
LIABILITIES			
Current Liabilities			
Trade and other payables	4,895,065	-	4,895,065
Borrowings	1,219,331	-	1,219,331
Short-term provisions	1,112,284	-	1,112,284
Lease liabilities	-	739,363	739,363
Other liabilities	129,542	-	129,542
Total Current Liabilities	7,356,222	739,363	8,095,585

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 2 Change in Accounting Policy (continued)**Statement of Financial Position (continued)**

	Previously reported carrying amount \$	Adjustment on adoption of AASB 16 \$	AASB 16 carrying amount \$
Non-Current Liabilities			
Borrowings	7,173,806	-	7,173,806
Members' shares	1,715,056	-	1,715,056
Long-term provisions	295,421	-	295,421
Lease liabilities	-	6,921,339	6,921,339
Total Non-Current Liabilities	9,184,283	6,921,339	16,105,622
Total Liabilities	16,540,505	7,660,702	24,201,207
NET ASSETS	7,780,438	(683,882)	7,096,556
EQUITY			
Reserves	5,328,379	-	5,328,379
Retained earnings	2,452,059	(683,882)	1,768,177
TOTAL EQUITY	7,780,438	(683,882)	7,096,556

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 2 Change in Accounting Policy (continued)**Statement of Cash Flows**

The changes to the statement of cash flows for the year ended 30 June 2019, on adoption of AASB 16, are shown in the table below.

	Previously reported cash flows \$	Adjustment on adoption of AASB 16 \$	AASB 16 cash flows \$
Cash flows from operating activities:			
Receipts from customers	96,810,119	-	96,810,119
Payments to suppliers and employees	(94,736,871)	1,026,321	(93,710,550)
Interest received	11,815	-	11,815
Finance costs	(424,621)	(397,197)	(821,818)
Net cash provided by/(used in) operating activities	1,660,442	629,124	2,289,566
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	86,093	-	86,093
Purchase of property, plant and equipment	(1,643,394)	-	(1,643,394)
Acquisition of intangible assets	(39,292)	-	(39,292)
Net cash provided by/(used in) investing activities	(1,596,593)	-	(1,596,593)
Cash flows from financing activities:			
Shares repaid	(247,279)	-	(247,279)
Net increase / (decrease) in borrowings	35,745	-	35,745
Principal repayments of lease liabilities	-	(629,124)	(629,124)
Net cash provided by/(used in) financing activities	(211,534)	(629,124)	(840,658)
Net increase (decrease) in cash and cash equivalents	(147,685)	-	(147,685)
Cash and cash equivalents at beginning of financial year	(81,066)	-	(81,066)
Cash and cash equivalents at end of financial year	(228,751)	-	(228,751)

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 3 Revenue and Other Income

The Co-operative has recognised the following amounts relating to revenue in the statement of comprehensive income.

		2020	2019
	Note	\$	\$
Continued operations			
Revenue from sales of goods and services	3(a)	92,696,608	87,311,882
Other sources of revenue	3(b)	3,324,241	3,406,465
Total Revenue		96,020,849	90,718,347
Other income			
Net gain on sale of property, plant and equipment		-	76,879
Total Revenue and Other Income		96,020,849	90,795,226

(a) Revenue Disaggregation

The revenue is disaggregated by business divisions:

Supermarkets and Liquor Division	62,201,051	54,417,704
Energy and Rural Division	28,540,973	30,897,257
Other Sales	1,954,584	1,996,921
	92,696,608	87,311,882

Timing of revenue recognition

Goods and services transferred to customers:

- at a point in time	92,696,608	87,311,882
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(b) Other Sources of Revenue

Interest received	13,284	11,815
Rent received	231,528	242,672
Rebates, commissions and other revenue	3,079,429	3,151,978
	3,324,241	3,406,465

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 4 Profit / (Loss) for the Year**(a) Expenses**

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

	2020	2019
	\$	\$
Cost of Sales	75,038,194	71,742,945
Finance Costs		
Interest expense on financial liabilities not at fair value through profit or loss		
Interest on borrowings	534,856	424,621
Interest on lease liabilities	650,336	397,197
Total finance costs	1,185,192	821,818
Depreciation and Amortisation Expense		
Depreciation		
Buildings and improvements	189,949	173,603
Plant and equipment	1,220,938	803,337
	1,410,887	976,940
Amortisation		
Computer software	35,900	29,466
Right-of-Use Assets	1,118,630	767,981
	1,154,530	797,447
Total depreciation and amortisation expense	2,565,417	1,774,387
Bad and Doubtful Debts		
Trade receivables	20,626	27,382
Total bad and doubtful debts expense	20,626	27,382
Loss on Disposal of Property, Plant and Equipment	8,443	-

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 5 Income Tax Expense**(a) The components of tax expense comprise:**

	2020	2019
	\$	\$
Current tax expense / (income)	196,254	455,875
Deferred tax arising from the origination and reversal of temporary differences	(329,146)	(81,844)
Recoupment of prior year losses	(196,254)	(455,875)
	<u>(329,146)</u>	<u>(81,844)</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% (2019: 30%)	(98,474)	367,280
Add:		
Tax effect of:		
- other non-allowable items	5,548	4,356
	<u>(92,926)</u>	<u>371,636</u>
Less:		
Tax effect of:		
- movement in deferred tax liabilities relating to property, plant and equipment not accounted for	(39,966)	2,395
- recoupment of prior year tax losses not previously brought to account	(196,254)	(455,875)
	<u>(236,220)</u>	<u>(453,480)</u>
Income tax (benefit) / expense attributable to the Co-operative	<u>(329,146)</u>	<u>(81,844)</u>

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 6 Dividends

	Note	2020 \$	2019 \$
Fully franked dividend of Nil% of issued share capital (2019: Nil%)		-	-
(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 the end of the financial year 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 7 Cash and Cash Equivalents

Cash on hand		99,100	78,800
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		99,100	78,800
Bank overdraft	17	(367,565)	(307,551)
		<u>(268,465)</u>	<u>(228,751)</u>

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 8 Trade and Other Receivables

		2020	2019
	Note	\$	\$
Current			
Trade receivables		843,263	1,255,402
Provision for impairment	8(b)	(16,867)	(26,628)
		<u>826,396</u>	<u>1,228,774</u>
Other receivables		<u>242,622</u>	<u>566,299</u>
Total current trade and other receivables		<u>1,069,018</u>	<u>1,795,073</u>

(a) Trade Receivables

The Co-operative provides trading terms of 21 days from the end of the month to approved ABN holders. Interest is charged at 18% p.a. (2019: 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 trade and other receivables the Co-operative considers any change in the credit quality of trade and other receivables from the date credit was initially granted up to the reporting date.

Note 9 Inventories**Current**

Finished goods at cost	<u>6,179,273</u>	<u>5,397,019</u>
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Note 10 Other Financial Assets**Non-current****Financial Assets at Amortised Cost**

Unlisted investments, at cost:		
- shares in other corporations	<u>1,000</u>	<u>1,000</u>

Note 11 Other Assets**Current**

Prepayments	<u>93,946</u>	<u>81,692</u>
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Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 12 Right of Use Assets**Non-Current**

	2020	2019
	\$	\$
Leased buildings	18,170,367	9,656,167
Accumulated amortisation	(4,242,285)	(3,190,453)
	<u>13,928,082</u>	<u>6,465,714</u>
Leased plant and equipment	375,759	256,107
Accumulated amortisation	(98,772)	(38,094)
	<u>276,987</u>	<u>218,013</u>
Net carrying amount	<u>14,205,069</u>	<u>6,683,727</u>

(a) Movement in carrying amounts

	Leased Buildings \$	Leased Plant and Equipment \$	Total \$
Year ended 30 June 2020			
Balance at beginning of year	6,465,714	218,013	6,683,727
Additions to right-of-use assets	9,437,241	146,704	9,583,945
Lease incentive received	(500,000)	-	(500,000)
Reductions in right-of-use assets	(423,041)	(20,932)	(443,973)
Amortisation charge	(1,051,832)	(66,798)	(1,118,630)
Balance at end of year	<u>13,928,082</u>	<u>276,987</u>	<u>14,205,069</u>
Year ended 30 June 2019			
Balance at beginning of year	5,856,734	72,542	5,929,276
Additions to right-of-use assets	1,657,611	218,072	1,875,683
Reductions in right-of-use assets	(317,475)	(35,776)	(353,251)
Amortisation charge	(731,156)	(36,825)	(767,981)
Balance at end of year	<u>6,465,714</u>	<u>218,013</u>	<u>6,683,727</u>

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 12 Right of Use Assets (continued)**Lease Liabilities**

The Co-operative has applied AASB 16 using the retrospective approach which has resulted in the balances for the financial year ended 30 June 2020, including the comparative amounts being recognised, measured and disclosed using the same lease accounting policies.

The Co-operative has leases over a range of assets including buildings, plant and equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

*Terms and conditions of leases**Buildings*

The Co-operative leases its corporate office and 9 commercial buildings to operate a number of its business divisions. The leases are generally between 3 - 10 years and some of the leases include a renewal option to allow the Co-operative to renew for up to twice the non-cancellable lease term. The commercial lease generally contain an annual pricing mechanism based on CPI movements at the anniversary of each lease inception.

Plant and Equipment

The Co-operative leases equipment with lease terms varying from 2 - 5 years. The lease payments are fixed during the term of the leases.

(b) Amounts recognised in the statement of comprehensive income

The amounts recognised in the statement of comprehensive income relating to leases where the Co-operative is the lessee in the lease transaction are disclosed in accordance with AASB 16 as follows:

		2020	2019
	Note	\$	\$
Lease income	2	-	59,026
Interest expense on lease liabilities	4(a)	(650,336)	(397,197)
Depreciation of right-of-use assets	4(a)	(1,118,630)	(767,981)
		(1,768,966)	(1,106,152)

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 13 Property, Plant and Equipment

	2020	2019
	\$	\$
Land and Buildings		
Freehold land		
Freehold land at independent valuation	6,535,000	5,905,740
Buildings		
Buildings and improvements at independent valuation	8,151,861	6,989,258
Less accumulated depreciation	-	(847,302)
Total buildings	8,151,861	6,141,956
Total land and buildings	14,686,861	12,047,696
Plant and equipment		
Plant and equipment at cost	15,765,167	9,964,100
Less accumulated depreciation	(7,041,862)	(5,926,175)
Total plant and equipment	8,723,305	4,037,925
Total property, plant and equipment	23,410,166	16,085,621

The Co-operative's land and buildings were revalued at 30 June 2020 by independent valuers. Valuations were made on the basis of current market values.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 13 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 \$
2020				
Balance at 1 July 2019	5,905,740	6,141,956	4,037,925	16,085,621
Additions	-	3,732	6,057,899	6,061,631
Disposals	-	-	(151,581)	(151,581)
Revaluation increment (decrement)	629,260	2,196,122	-	2,825,382
Depreciation expense	-	(189,949)	(1,220,938)	(1,410,887)
Balance at 30 June 2020	6,535,000	8,151,861	8,723,305	23,410,166
2019				
Balance at 1 July 2018	5,905,740	6,268,891	3,225,701	15,400,332
Additions	-	46,668	1,623,176	1,669,844
Disposals	-	-	(7,615)	(7,615)
Depreciation expense	-	(173,603)	(803,337)	(976,940)
Balance at 30 June 2019	5,905,740	6,141,956	4,037,925	16,085,621

(b) Historical Cost

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

	2020 \$	2019 \$
Cost	8,415,914	8,412,182
Accumulated depreciation	(1,757,443)	(1,587,740)
Net book value	6,658,471	6,824,442

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 14 Intangible Assets

	2020 \$	2019 \$
Goodwill		
Cost	498,392	264,359
Accumulated impairment losses	-	-
Net carrying amount	498,392	264,359
Computer software		
Cost	232,505	215,291
Accumulated amortisation and impairment	(155,195)	(121,081)
Net carrying value	77,310	94,210
Other intangible assets		
Cost	41,441	-
Accumulated amortisation and impairment	(1,784)	-
Net carrying amount	39,657	-
Total intangible assets	615,359	358,569

Goodwill is allocated to the Co-operative's Port Macquarie IGA Supermarket and Enterprise Car Rental business which have been identified as cash generating units.

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 14 Intangible Assets (continued)**(a) Movements in Carrying Amounts**

	Computer software \$	Other intangible Assets \$	Goodwill \$	Total \$
2020				
Balance at the beginning of year	94,210	-	264,359	358,569
Additions	17,214	41,441	234,033	292,688
Amortisation charge	(34,114)	(1,784)	-	(35,898)
Balance at 30 June 2020	77,310	39,657	498,392	615,359
2019				
Balance at the beginning of year	85,983	-	264,359	350,342
Additions	39,292	-	-	39,292
Disposals	(1,599)	-	-	(1,599)
Amortisation charge	(29,466)	-	-	(29,466)
Balance at 30 June 2019	94,210	-	264,359	358,569

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 15 Tax**(a) Assets****Non-Current**

	Opening Balance \$	Charged to Income \$	Charged Directly to Equity \$	Closing Balance \$
Deferred Tax Assets				
2020				
Provisions	441,770	12,262	-	454,032
Impairment of trade receivables	7,988	(2,928)	-	5,060
Lease liabilities and right of use assets	293,093	311,198	-	604,291
Other	73,411	8,614	-	82,025
Balance at 30 June 2020	816,262	329,146	-	1,145,408
2019				
Provisions	406,374	35,396	-	441,770
Impairment of trade receivables	4,341	3,647	-	7,988
Lease liabilities and right of use assets	270,875	22,218	-	293,093
Other	52,828	20,583	-	73,411
Balance at 30 June 2019	734,418	81,844	-	816,262

Note 16 Trade and Other Payables

	2020 \$	2019 \$
Current		
Unsecured liabilities		
Trade payables	4,658,332	4,346,484
Other payables and accrued expenses	520,061	548,581
	5,178,393	4,895,065

(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, normally within 30 days of recognition of the liability.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 17 Borrowings

	Note	2020 \$	2019 \$
Current			
Secured liabilities			
Bank overdraft	17(a)	367,565	307,551
Commercial loans	17(a)	1,223,573	911,780
Total current borrowings		1,591,138	1,219,331
Non-Current			
Secured liabilities			
Commercial loans	17(a)	10,783,514	7,173,806
Total non-current borrowings		10,783,514	7,173,806
Total borrowings		12,374,652	8,393,137
(a) Total current and non-current secured liabilities			
Bank overdraft		367,565	307,551
Commercial loans		12,007,087	8,085,586
		12,374,652	8,393,137

(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:

	2020 \$	2019 \$
Freehold land and buildings	14,686,861	12,047,696
Plant and equipment	8,723,305	4,037,925
	23,410,166	16,085,621

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 17 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:

- Yearly management accounts to be provided to the bank within 90 days of the close of each year.
- Audited financial reports to be provided to the bank within 140 days of the close of each year.
- Debt Service Cover (DSC) of not less than 1.25 times
- calculated as EBITDA divided by interest expense plus scheduled principal amortisation.

Note 18 Members' Shares

	Note	2020 \$	2019 \$
Non Current			
Fully paid ordinary shares		1,548,746	1,715,056
Ordinary Shares			
Balance at the beginning of the financial year		1,715,056	1,958,957
Shares bought back during the year		(122,959)	(247,279)
Shares forfeited		(46,146)	(856)
Shares previously forfeited, reinstated		2,795	4,234
Balance at the end of the financial year		1,548,746	1,715,056

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NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****Note 18 Members' Shares (continued)****(a) Forfeiture of Shares**

During the year ended 30 June 2020 shares totalling \$46,146 (2019: \$856) 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 9, the forfeited shares were derecognised as a financial liability and the amount of the extinguished liability of \$41,146 (2019: \$856) was recognised in profit or loss.

Note 19 Provisions

	Employee benefits	Total
	\$	\$
Opening balance at 1 July 2019	1,407,705	1,407,705
Additional provisions	27,575	27,575
Balance at 30 June 2020	1,435,280	1,435,280

Analysis of Total Provisions

	2020	2019
	\$	\$
Current	1,119,184	1,112,284
Non-current	316,096	295,421
	1,435,280	1,407,705

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for wages, time-in-lieu, 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.

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NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****Note 20 Lease Liabilities**

Lease liabilities accounted for in accordance with AASB 16 as disclosed in Note 1(o).

	2020	2019
	\$	\$
Current		
Lease liabilities	556,242	739,363
Non-Current		
Lease liabilities	15,663,127	6,921,339
Total Lease Liabilities	16,219,369	7,660,702

Note 21 Other liabilities**Current**

Income in advance	139,060	129,542
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Note 22 Auditor's Remuneration

Remuneration of the auditor of the Co-operative for:

Auditing the financial report	58,200	57,100
Internal audit services	60,000	-
Taxation services	4,000	6,800
Other services	5,700	5,600
	127,900	69,500

Note 23 Reserves**(a) Asset Revaluation Reserve**

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

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NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****Note 24 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.

Note 25 Contingent Liabilities**(a) Caltex Australia Petroleum Pty Ltd**

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

(b) Metcash Trading Limited

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

(c) Lewis Capital (Sovereign Hills) Pty Ltd

The Co-operative has banker's guarantees in favour of Lewis Capital (Sovereign Hills) Pty Ltd totalling \$259,088. The guarantees are secured over the Co-operative's assets. The guarantee is only payable in the event of economic loss caused to Lewis Capital (Sovereign Hills) Pty Ltd by the Co-operative and its staff. To date there has been no event or events that would require the guarantee to be called upon.

(d) Redspot Franchising Pty Ltd

The Co-operative has a banker's guarantee in favour of Redspot Franchising Pty Ltd totalling \$50,000. The guarantee is secured over the Co-operative's assets. The guarantee is only payable in the event of economic loss caused to Redspot Franchising Pty Ltd by the Co-operative and its staff. To date there has been no event or events that would require the guarantee to be called upon.

Note 26 Capital Commitments**(a) Capital Expenditure Commitments**

	2020	2019
	\$	\$
Capital expenditure commitments contracted for:		
Plant and equipment purchases	87,890	4,566,767
Less reimbursements from lessor	-	(1,037,045)
	<u>87,890</u>	<u>3,529,722</u>
Payable:		
- not later than 1 year	<u>87,890</u>	<u>3,529,722</u>

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NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****Note 27 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:

David Johnson	(Chairperson)
Lisa Intemann	
Richard McGovern	
Rodney Barnaby	
Jaclyne Fisher	
Robert Preston	
Gary Humphreys	

(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
Carol Leach	Business Unit Manager
Darren Partridge	Business Unit Manager
Judith Standring	Business Unit Manager
Lisa Atkins	Business Unit Manager
Stephen Russell	Business Unit Manager
Joshua Tang	Business Unit Manager
Kristie Hinds	Business Unit Manager (Appointed 21/10/2019)
Matthew Field	Business Unit Manager (Appointed 01/07/2019)

(c) Key Management Personnel Compensation

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

	2020	2019
	\$	\$
Short-term employee benefits	997,198	812,946
Post-employment benefits	91,229	73,671
Other long-term benefits	12,579	29,559
Termination benefits	-	-
	<u>1,101,006</u>	<u>916,176</u>

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 27 Disclosures on Directors and Other Key Management Personnel (continued)

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) 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 2020 amounts totalling \$290 (2019: \$290) 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.

(e) 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.

(f) Share Transactions

	2020	2019
	No.	No.
(i) Aggregate number of shares held by KMP at the end of the reporting period	2,748	2,738
(ii) Aggregate number of shares acquired by KMP during the financial year	10	69

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 28 Cash Flow Information**(a) Reconciliation of Cash Flow from Operations with Profit/(Loss) from Ordinary Activities after Income Tax**

	2020	2019
	\$	\$
Profit / (loss) after income tax	901	1,306,110
Non-cash flows in profit		
Depreciation and amortisation expense	2,565,417	1,774,387
Net (gain)/loss on disposal of property, plant and equipment	8,443	(76,879)
Shares forfeited	(46,146)	(856)
Forfeited shares reinstated	2,795	4,234
Other income	-	(64,799)
Changes in assets and liabilities		
(Increase) / decrease in receivables	726,055	(125,961)
(Increase) / decrease in inventories	(782,254)	(426,107)
(Increase) / decrease in other assets	(12,254)	(28,557)
(Increase) / decrease in tax assets	(329,146)	(81,844)
Increase / (decrease) in trade and other payables	338,103	(127,839)
Increase / (decrease) in provisions	27,575	113,633
Increase / (decrease) in other liabilities	9,518	24,044
Cash flow from operations	2,509,007	2,289,566

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 28 Cash Flow Information (continued)**(b) Financing Arrangements with Banks**

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

	Note	2020 \$	2019 \$
Total Facilities Available			
Credit facility	28(b)(i)	75,000	75,000
Bank overdraft	28(b)(ii)	800,000	800,000
Commercial Loan	28(b)(iii)	3,625,000	4,150,000
Commercial Loan	28(b)(iv)	4,000,000	3,400,000
Commercial Loan		-	17,872
Commercial Loan	28(b)(v)	7,500	95,130
Commercial Loan	28(b)(vi)	242,361	323,081
Commercial Loan	28(b)(vii)	73,945	99,503
Commercial Loan	28(b)(viii)	91,121	-
Commercial Loan	28(b)(iv)	381,670	-
Commercial Loan	28(b)(x)	2,108,223	-
Commercial Loan	28(b)(xi)	161,911	-
Commercial Loan	28(b)(xii)	1,548,795	-
Commercial Loan	28(b)(xiii)	66,561	-
		13,182,087	8,960,586
Facilities Utilised at Reporting Date			
Credit facility		-	-
Bank overdraft		367,565	307,551
Commercial Loan		3,625,000	4,150,000
Commercial Loan		3,700,000	3,400,000
Commercial Loan		-	17,872
Commercial Loan		7,500	95,130
Commercial Loan		242,361	323,081
Commercial Loan		73,945	99,503
Commercial Loan		91,121	-
Commercial Loan		381,670	-
Commercial Loan		2,108,223	-
Commercial Loan		161,911	-
Commercial Loan		1,548,795	-
Commercial Loan		66,561	-
		12,374,652	8,393,137

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 28 Cash Flow Information (continued)**(b) Financing Arrangements with Banks (continued)**

	2020 \$	2019 \$
Facilities Not Utilised at Reporting Date		
Credit facility	75,000	75,000
Bank overdraft	432,435	492,449
Commercial Loan	-	-
Commercial Loan	300,000	-
Commercial Loan	-	-
Commercial Loan	-	-
Commercial Loan	-	-
Commercial Loan	-	-
Commercial Loan	-	-
Commercial Loan	-	-
Commercial Loan	-	-
Commercial Loan	-	-
Commercial Loan	-	-
Commercial Loan	-	-
Commercial Loan	-	-
	807,435	567,449

(i) Credit Facility

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

(ii) Bank Overdraft

\$800,000 (2019: \$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 2020 was 4.20% (2019: 4.85%). 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 5.02% (2019: 5.02%).

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****Note 28 Cash Flow Information (continued)****(b) Financing Arrangements with Banks (Continued)****(iv) 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 3.86% (2019: 4.65%).

(v) 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 4.97% (2019: 4.97%).

(vi) 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 4.66% (2019: 4.66%).

(vii) 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 4.43% (2019: 4.43%).

(viii) Commercial Loan

Commercial loan facility is secured by a bill of sale over chattels in relation to the Sovereign Hills businesses. The interest rate applicable to the commercial loan is 3.62%.

(ix) Commercial Loan

Commercial loan facility is secured by a bill of sale over chattels in relation to the Sovereign Hills businesses. The interest rate applicable to the commercial loan is 3.62%.

(x) Commercial Loan

Commercial loan facility is secured by a bill of sale over chattels in relation to the Sovereign Hills businesses. The interest rate applicable to the commercial loan is 4.60%.

(xi) Commercial Loan

Commercial loan facility is secured by a bill of sale over chattels in relation to the Car Hire business. The interest rate applicable to the commercial loan is 3.82%.

(xii) Commercial Loan

Commercial loan facility is secured by a bill of sale over chattels in relation to the Sovereign Hills businesses. The interest rate applicable to the commercial loan is 4.40%.

(xiii) Commercial Loan

Commercial loan facility is secured by a bill of sale over chattels in relation to the Car Hire business. The interest rate applicable to the commercial loan is 3.14%.

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****Note 29 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 and commercial loans.

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.

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 29 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	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets - cash flows realisable								
Cash and cash equivalents	99,100	78,800	-	-	-	-	99,100	78,800
Other investments	-	-	-	-	1,000	1,000	1,000	1,000
Trade and other receivables	1,069,018	1,795,073	-	-	-	-	1,069,018	1,795,073
Total Financial Assets	1,168,118	1,873,873	-	-	1,000	1,000	1,169,118	1,874,873
Financial liabilities due for payment								
Bank overdraft	367,565	307,551	-	-	-	-	367,565	307,551
Commercial loans	1,223,573	911,780	10,783,514	7,173,806	-	-	12,007,087	8,085,586
Lease liabilities	556,242	739,363	2,531,415	2,151,815	13,131,712	4,769,524	16,219,369	7,660,702
Members' shares	-	-	1,548,746	1,715,056	-	-	1,548,746	1,715,056
Trade and other payables	5,178,393	4,895,065	-	-	-	-	5,178,393	4,895,065
Total Financial Liabilities	7,325,773	6,853,759	14,863,675	11,040,677	13,131,712	4,769,524	35,321,160	22,663,960
Net (outflow)/inflow on financial instruments	(6,157,655)	(4,979,886)	(14,863,675)	(11,040,677)	(13,130,712)	(4,768,524)	(34,152,042)	(20,789,087)

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 29 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	Impact on Profit	Impact on Equity	Impact on Profit	Impact on Equity
	\$	\$	\$	\$	\$
Financial Liabilities					
Bank overdraft	367,565	3,676	3,676	(3,676)	(3,676)
Commercial loans	4,000,000	40,000	40,000	(40,000)	(40,000)
Increase/(decrease)		43,676	43,676	(43,676)	(43,676)

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 30 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 asset 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.

Hastings Co-operative Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Note 30 Fair Value Measurements (continued)**(a) Fair Value Hierarchy (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 2020					
Recurring fair value measurements					
Financial assets		-	-	-	-
Total financial assets recognised at fair value on a recurring basis		-	-	-	-
Non-financial assets					
Freehold land	13	-	6,535,000	-	6,535,000
Freehold buildings	13	-	8,151,861	-	8,151,861
Total non-financial assets recognised at fair value on a recurring basis		-	14,686,861	-	14,686,861
Total non-financial assets recognised at fair value on a non-recurring basis		-	-	-	-
Total non-financial assets recognised at fair value		-	14,686,861	-	14,686,861
Total liabilities recognised at fair value		-	-	-	-
30 June 2019					
Recurring fair value measurements					
Financial assets		-	-	-	-
Total financial assets recognised at fair value on a recurring basis		-	-	-	-
Non-financial assets					
Freehold land	13	-	5,905,740	-	5,905,740
Freehold buildings	13	-	6,141,956	-	6,141,956
Total non-financial assets recognised at fair value on a recurring basis		-	12,047,696	-	12,047,696
Total non-financial assets recognised at fair value on a non-recurring basis		-	-	-	-
Total non-financial assets recognised at fair value		-	12,047,696	-	12,047,696
Total liabilities recognised at fair value		-	-	-	-

Hastings Co-operative Limited

ABN: 86 601 035 121

NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****Note 30 Fair Value Measurements (continued)****(a) Fair Value Hierarchy (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 (2019: no transfers).

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

Description	2020 \$	2019 \$	Valuation Techniques	Inputs Used
Non-financial assets				
Freehold land	6,535,000	5,905,740	(i)	(ii)
Freehold buildings	8,151,861	6,141,956	(i)	(ii)
	14,686,861	12,047,696		

(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 five 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 28 (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' 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

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NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2020****Note 30 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 31 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

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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 2020 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:.....

David Johnson

Director:.....

Lisa Intemann

Dated: 22 September 2020



PARTNERS
Robert Magnussen B Bus FCA
Paul Fahey B Bus CA
Rodney Smith B Fin Admin FCA
Bart Lawler B Com CA
Patrick Brennan B Com CA
Alison McKinnon B Bus CA

INDEPENDENT AUDITOR'S REPORT

To the members of Hastings Co-operative Limited

Opinion

We have audited the accompanying financial report of Hastings Co-operative Limited, which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

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 2020 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.

Basis for Opinion

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 about whether the financial report is free from material misstatement. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Co-operative in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Co-operative's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

To the members of Hastings Co-operative Limited

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Co-operative or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITOR'S REPORT

To the members of Hastings Co-operative Limited

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

NorthCorp Accountants



Darren Johnson
Lead Auditor
Registered Company Auditor

3/80 High Street
Wauchope NSW 2446

Dated: 22 September 2020

STRATEGIC PLAN 2020/21

PURPOSE

To be the locally owned alternative, retailer of choice offering competitive pricing, convenience to all, and delivering a collective benefit to our community and members.

VISION

We create a sense of belonging where;

OUR MEMBERS AND STAFF ARE OUR FAMILY,
OUR CUSTOMERS ARE OUR FRIENDS,
OUR SUPPLIERS ARE OUR PARTNERS

and we are very proud to deliver goods and services to our community.

VALUES

OBJECTIVES

1. Stable financial returns while growing our balance sheet
2. Enhance our members' experience and create value for them
3. Provide a safe, rewarding, inclusive and learning workplace
4. Ensure our business operations are efficient, effective, always learning and completed in a smarter, cheaper and faster way.

1. Hastings Co-op will be central to, and serve, the communities in which we operate
2. We will provide opportunity, benefits and value to our members
3. We will ensure that we are financially, environmentally and socially sustainable
4. We will provide exceptional customer service
5. We are ethical in all our dealings.

Hastings Co-op family



CALTEX



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