



Annual Report 2020-21



2020-21 Highlights

- Exceeded \$100M in revenue for the first time
- IGA & Liquor Net Promoter Score of +50 (Dec 2020 Customer Survey)
- Fuel Net Promoter Score of +53 (Dec 2020 Customer Survey)
- Farm Supplies Net Promoter Score of +60 (April 2021 Customer Survey)
- 22% increase in Co-op 100 members - 8,182 in 2019-2020 to 9,884 in 2020-21

Caring for our environment

- Efficiencies to reduce wastage and increase recycling
- Reverse vending machines at two locations
- Modernisation of our forklifts

Work health & safety

- Prepared Safety Management System in line with ISO 45001 for fuel division
- Introduced Contractor Management System, Asbestos Registers, Hazchem Registers, Permit Systems and a Contractor Safety Checklist
- Installed automatic boom gates at Mitre 10 & CRT Wauchope to reduce the risk of injury

Giving back

- Through drought, floods and a pandemic we've supported emergency services and community groups in caring for our community. Whether answering the call to help stock an evacuation centre with food and water or delivering essentials via an SES boat to stranded residents, we were always there to help
- 3,977 active Shareholder members - \$231,080 returned in rewards vouchers
- 9,884 Co-op 100 members - \$97,875 returned in rewards vouchers
- Donated \$2,000 each to Wauchope Lions Club, Marine Rescue Port Macquarie, Wauchope Rotary Club, Omnicare Alliance, Wauchope Hospital Auxiliary and Braveheart Mid North Coast
- Employed more than 360 locals
- Sponsored a number of sporting clubs, schools, local community groups, charities and events
- Supported and showcased local producers and suppliers in our stores



	2013 \$m	2014 \$m	2015 \$m	2016 \$m	2017 \$m	2018 \$m	2019 \$m	2020 \$m	2021 \$m
Total revenue	73.0	75.1	74.8	75.7	81.4	86.1	90.8	96.0	103.6
Total expenses	73.4	74.5	74.2	74.5	80.2	85.2	89.6	96.3	104.0
Net profit / (loss) before tax	(0.4)	0.6	0.6	1.2	1.2	0.9	1.2	(0.3)	(0.4)
Net profit / (loss) after tax	(0.4)	0.5	0.6	1.3	1.2	0.9	1.3	0.1	(0.2)
Gain / (loss) on revaluation		0.6						2.8	0.0
Total comprehensive income	(0.4)	1.1	0.6	1.3	1.2	0.9	1.3	2.9	(0.2)
Total assets	21.7	21.5	21.0	21.2	21.7	22.9	31.3	45.8	46.7
Total liabilities	20.1	18.8	17.6	16.9	16.2	16.5	24.2	35.5	36.5
Equity	1.6	2.7	3.4	4.3	5.5	6.4	7.1	10.3	10.2
Member shares	2.6	2.6	2.5	2.4	2.2	1.9	1.7	1.5	1.3

Performance at a glance for the year ending June 30, 2021

* 2020 FY figures amended to account for a change in accounting for AASB 16 - Leases. Refer to Note 1 of the financial report.

Annual General Meeting 2021

Notice is hereby given that the 105th Annual General Meeting of the Hastings Co-operative Limited will be held on Tuesday, November 23, 2021 at Wauchope Country Club, 24 King Street, Wauchope, commencing at 9.30am.

Business of the 2021 Annual General Meeting

- 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 104th Annual General Meeting held November 17, 2020 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, 2021**
 - a. Directors' report and Directors' declaration
 - b. Annual financial statements
 - c. Independent auditors' report
- 10. Questions from members– with notice**
- 11. Directors' remuneration**

It is recommended that the total remuneration, for a Board of seven, be \$186,148 (2020 \$106,413.78).
- 12. Appointment of External Auditors**

To confirm the appointment of NorthCorp Accountants as the independent Auditor for the 2021/22 financial year.
- 13. To declare the result of any director election**

Allan Gordon
Co-operative Secretary

October 19, 2021

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Chairman's report

It gives me pleasure to present my report to you, our members, for the 2020/21 financial year.

It was a year of adapting. Lexicons such as “new normal”, “pivot” and “lockdown” entered our vocabulary with too much regularity, and it is such that the Co-op has had to adjust in the same way.

We have experienced some exceptional growth in our supermarkets and liquor divisions, but at the same time had to endure devastating losses in our Enterprise Rent A Car franchise as other parts of the country experienced Covid outbreaks which forced the cancellation of flights and therefore loss of car hire rentals. We have had to adapt and modify to each challenge and I am proud to say that we have done an excellent job in meeting them head on.

If drought and flood weren't enough for our community, substantial prices in rural commodities put paid to any real growth potential in this sector. Many are still recovering from the floods and sympathies continue to lie with this sector.

I am very proud of the work the Co-op did in the community during the floods earlier this year. We were very proactive in assisting the community and making sure that where we could provide assistance we did so. Our staff went above and beyond what was expected of them at this time and I thank them sincerely for their efforts. The dedication of our team has been acknowledged by the SES when the call came through at 11pm that an evacuation centre was to be established at Wauchope Public School. A request was made for bottled water and food and without hesitation our Wauchope IGA manager and her husband took up the challenge and made sure the SES request was fulfilled. It's this sort of dedication that is repeated on a daily basis throughout the Co-op and it's one of the reasons our Co-op is very different to a normal company.

Unfortunately, many of the events that we had planned for 2020-21 were unable to proceed due to the pandemic and I know many of our members, whilst very sympathetic to our situation, cannot wait until we are able to meet face to face again. Let's hope that 2022 sees a return to some sort of normalcy.

This year is also the second year of the change in the accounting standard AASB 16, and I would like to remind members that the application of this standard has an impact on our reported profits.

CEO Allan Gordon will elaborate more on our performance, and 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 are extended to shareholder members, customers, staff, suppliers and the local community for your continued support of the Co-op. It is this support that makes us strong and very unique.

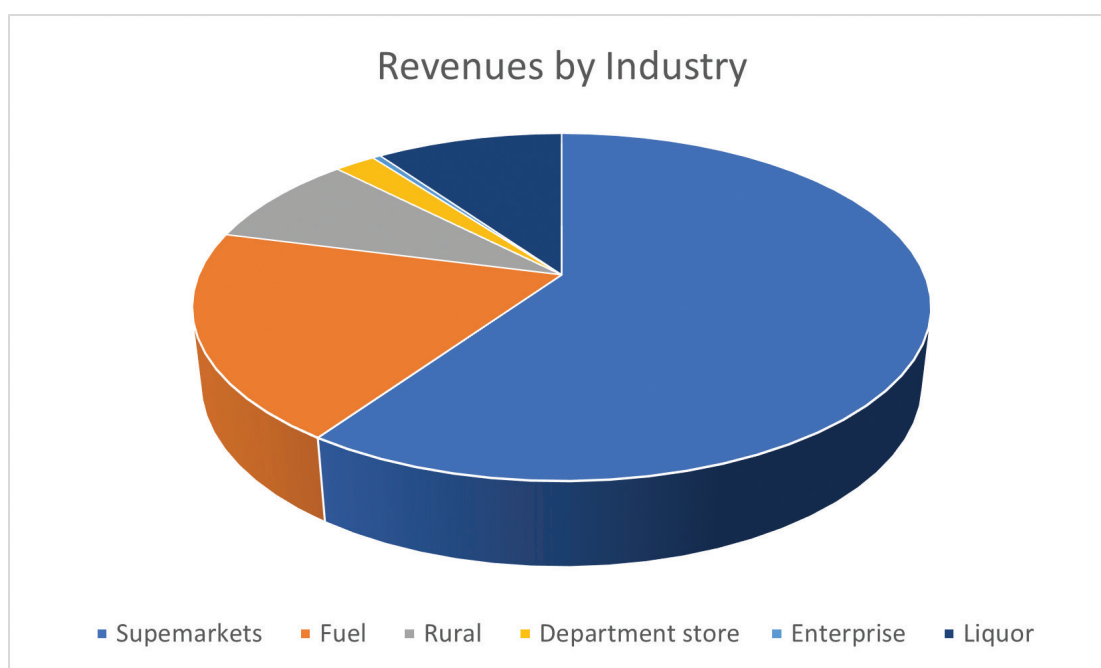
In closing, I thank my fellow directors for their individual contributions to the Board over the past 12 months and the varied skills that they bring to the Board and its deliberations.

Chairman
David Johnson

Chief Executive Officer's report

At the time I presented my 2019-20 report, the world appeared to be coming out of the worst of the pandemic and 2020-21 was going to be a year of growth and development. How wrong I was. We have experienced very mixed results in terms of our business for the financial year.

The Co-op reached a major milestone this year, with revenues exceeding \$100M for the first time. This is an incredible effort given the current environment and I would like to thank all our staff for the dedication they have shown in achieving this result.



The supermarket and liquor divisions experienced excellent growth for the first three quarters of the financial year, with subdued growth in the final quarter. This was attributed to the increase in domestic tourism in the middle quarters and the lack of travel opportunities for locals.

Growth is expected to return to a normal pattern in the 2021-22 financial year. Sovereign Place IGA is developing well, with growth forecasts indicating that it will contribute to the Co-op's profit in approximately FY 2024-25. As with any new store, building a customer basis, coupled with large depreciation and amortisation costs, have impacted on the overall result of the Co-op.

Our retail fuel division suffered in the first six months due to the impact of Covid restrictions and these conditions remain in the current environment. This was offset by excellent growth in bulk fuel and Ampol service work. Our fuel division has an excellent reputation in the market place and this has been recognised by Ampol as we pick up additional service work on a regular basis.

The impacts of drought, flood and Covid-19 has been a mixed bag for our rural stores, however, we have seen a good increase in customer numbers since revitalising Mitre 10. Our aim is to be the hardware store of choice for all, and the increase is testament to the hard work and efforts of our Mitre 10 team. Supply issues and considerable price rises in many bulk rural products have impacted our rural team this year. With no sign of price increases abating, our rural sector will remain subdued in 2021-22.

Chief Executive Officer's report

Following the acquisition of the Enterprise Rent A Car franchise in July 2019 we experienced excellent growth up until the bushfires. Since late November 2019 the franchise has been forced to review its business model, cater for different markets and try to maintain a presence in a market that has basically shut down several times in the past 18 months. Long-term we see this business as a very worthwhile acquisition, and we will continue to support its operations.

The Department Store experienced excellent growth in the middle quarters, generally as a result of increased tourism, however, demand became subdued in the final quarter and unfortunately continued into the first quarter of 2021-22. Unfortunately, given the current trading environment, the decision was made not to renew the lease for Port Department Store and it was closed in September 2021.

This brings me to the financial result for the year, which saw the Co-op record an after-tax loss of \$153,000 (\$54K profit in 2019-20). Overall, given the circumstances in which we have traded, and the building of our brand in Sovereign Hills, I am very proud of what we have achieved.

Last year I indicated that our focus was to consolidate our position in 2020-21 and we have very much achieved this. We have developed our staff and enhanced the provision of a safe working environment for all. We have commenced research on a number of important projects that I hope will set the Co-op up for the next decade.

We have also continued to be your local retailer of choice, and we are very much committed to our vision of being an integral part of the community where we create a sense of belonging for members, customers, staff and suppliers.

In closing, it is you, the members, that make this Co-op what it is and I thank you sincerely for your continued patronage. We look forward to being of service to you in the coming year.

Chief Executive Officer
Allan Gordon

Giving back to the community

Our community survived a world-wide pandemic and debilitating floods this year, and when the call for help went out, we did everything we could to support our members and customers. This included the facilitation of an information seminar to help flood-affected farmers apply for grants, a thank you BBQ for local emergency services and co-ordinating the delivery of groceries and essential items to stranded residents.

Covid-19 restrictions impacted a number of our community groups, with many being unable to fundraise. In view of this, the following six groups were presented with \$2,000 Community Chest grants in early 2021:

- Wauchope Lions Club
- Marine Rescue Port Macquarie
- Wauchope Rotary Club
- Omnicare Alliance
- Wauchope Hospital Auxiliary
- Braveheart Mid North Coast

The following is a list of local clubs, community groups, schools and charity groups we supported this financial year:

- Artwalk
- Beechwood Public School
- Braveheart Mid North Coast
- Brothers in Need
- Bundaleer Nursing Home
- Charles Sturt University scholarships
- Comboyne Public School
- Diving North Coast
- Hastings Education Fund (HEF) scholarship
- Hastings Farm Gate Tours
- Hastings Macleay Renal Services
- Hastings Secondary College
- Hastings Valley Motorcycle Club
- Huntingdon Public School
- Omnicare
- Lifeline Homeless Week
- Lions Club of Wauchope
- Marine Rescue Port Macquarie
- Meals on Wheels
- Mystery Box Rallies
- NSW Regional Business Awards
- Pappinbarra Progress Association
- Port Macquarie Cycle Club
- Port Macquarie Rotary West
- Rhema 99.9 radio station
- Rollands Plains Community Group
- Rollands Plains Rural Fire Service
- Rollands Plains Upper Public School
- St Joseph's Primary School, Wauchope
- Tacking Point Surf Life Saving Club
- Telegraph Community Centre
- Telegraph Public School
- Wauchope Blues Junior Rugby League Football Club
- Wauchope Bonny Hills Surf Life Saving Club
- Wauchope Bowling Club
- Wauchope District Memorial Hospital
- Wauchope Girl Guides
- Wauchope High School
- Wauchope Hospital Auxiliary
- Wauchope Hospital Palliative Care
- Wauchope Jockey Club
- Wauchope Lady Golfers
- Wauchope Men's Bowling Club
- Wauchope Men's Golf Day
- Wauchope Men's Veterans Golf
- Wauchope Netball Club
- Wauchope Public School
- Wauchope Rotary Club
- Wauchope RSL Cricket Club
- Wauchope Veterans Women's Golf
- Westpac Rescue Helicopter
- 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, 2021.

First name	Last name	Years of service
Patricia	MILLER	35
Denise	MOORE	28
Matthew	WHITE	26
Kim	BARNES	25
Darren	PATRIDGE	24
Sarah	HUISMAN	23
Luke	MACKAY	23
Maxine	BYATT	23
Michael	SMITH	22
Gemma	BANNISTER	21
Andrew	QUIBELL	20
Craig	SWAIN	19
Lynn	RYAN	18
Cecil	BLANCH	18
Emma	NICHOLSON	17
Jarrold	EYLES	17
Tania	ARENTSEN	17
Kathryn	NOCKE	17
Dionne	ALLEN	17
Allan	FARLEY	16
Daniel	LANGENS	16
Mario	LENKIC	15
Susan	SHAW	14
Lisa	ATTKINS	14
Kerrie	PEAD	14
Bradley	LEACH	13
Judith	STANDRING	13
Coralie	HINDMARCH	13
Leanne	COOK	12
Jodie	STALLEBRASS	12
Suzanne	AVERY	12
John	MILLER	12
Melissa	LINCOLN	11
Vicki	GRANT	11
Tracey	BLACKBURN	11
Maddison	LANGENS	11
Julie	HARGY	11
Carol	LEACH	11
Alisan	HARRIS	11
Jodee-Ann	BROWNLOW	11
Kayla	ALLEN	10
Darren	PEAD	10
Ben	TROMMELS	10
Lynda	MCCARTHY	10
Marion	ELFORD	10
Timothy	RENSHALL	10
Timothy	WALKER	10
Jed	PEAD	10
Narelle	BYATT	10
Craig	SHAW	10
Alfred	AZZOPARDI	10
Samantha	SHEATHER	10





FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

ABN 86 601 035 121

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

Your Directors present their report on the Hastings Co-operative Limited (the Co-operative) for the financial year ended 30 June 2021.

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
Robert Preston
Gary Humphreys
Jane Evans [Appointed 17 November 2020]
Jaclyne Fisher [Resigned 17 November 2020]

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 1 May 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 \$103,623,000 for the current financial year as compared to \$96,033,000 the previous financial year. The loss of the Co-operative for the financial year after providing for income tax amounted to \$153,000 compared to a profit of \$54,000 in the previous financial year.

Dividends

No dividend is recommended to be paid for the financial year ended 30 June 2021.

Shareholder reward vouchers issued for the financial year totalled \$231,080 and Co-op 100 Vouchers issued for the financial year totalled \$97,875.

Review of Operations

The overall retail environment was extremely volatile over the course of 2020-21. The effects of the local floods and the COVID-19 Pandemic have had a significant impact on the overall operations of the Co-op.

Significant changes in State of Affairs

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

Events after the Reporting Period

Many governments have introduced various measures to combat the COVID-19 pandemic, including, but not limited to, travel restrictions, quarantines, closure of businesses and other venues and lockdowns of local government areas (LGAs) and / or States and Territories. These measures have affected the global and domestic supply chain as well as the demand for goods and services. At the same time, fiscal and monetary policies are being relaxed to sustain the economy. These government responses and their corresponding effects are still evolving.

The Co-operative is not able to reliably measure the impact on its operations due to these imposed measures.

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 2022 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.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

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.

Meetings of Directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings		Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Johnson (Chairperson)	13	12	7	6
Lisa Intemann	13	13	4	4
Richard McGovern	13	13	4	4
Rodney Barnaby	13	13	6	5
Robert Preston	13	12	7	7
Gary Humphreys	13	9	7	7
Jane Evans	9	9	4	4
Jaclyne Fisher	4	4	2	2

Information on Current Directors

David Johnson

Independent Non-Executive Director

Qualifications: 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

Lisa Intemann

Independent Non-Executive Director

Qualifications: PhD, BA (Hons), BappSc, Grad. Dip Soc.Sc. Cert of Mediation, Member AICD

Lisa joined the Board in 2012 and is presently the Chair of the Audit, Risk and Workplace Safety Committee. Lisa is currently an elected Councillor for the Port Macquarie Hastings Council, and Deputy Mayor for the past six years. Lisa has an extensive background in small business management having managed family businesses for 15 years and managed community service organisations for 10 years. Lisa brings to the Board her expertise in governance and strategic planning, risk management and policy development as well as mediation.

Richard McGovern

Independent Non - Executive Director

Qualifications: Cert III in Bus Mkt/Promotions and Customer Service

Richard McGovern is a member of the Marketing and Innovation Committee. Richard is a born and bred local with extensive knowledge around the Hastings Co-op as an employee, local business owner and a director. Richard is the Westpac Rescue Helicopter Mid North Coast Regional partnerships officer and has a background in sales, marketing, promotion and events, 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

Qualifications: 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 and has also owned and managed smaller businesses. Rod brings to the Board skills in strategic planning, leadership, governance and commercial decision making and is the Chair of the Marketing and Innovation Committee. Rod also sits on the Board of Destination North Coast Network and is a Director and Deputy Chair of Bundaleer Care Services. In his regular job, Rod is assisting local and regional businesses to recover from bushfire, COVID and flood in his role as a Strengthening Business Facilitator for Business Australia.

Robert Preston

Independent Non-Executive Director

Qualifications: 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 Workplace Safety Committee and the Governance Committee. 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

Gary Humphreys

Independent Non-Executive Director

Qualifications: 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, Risk and Workplace Safety Committee. Gary is currently a board member of P & N Bank, Local Land Services North Coast, Garden Village Port Macquarie, Department of Regional NSW (Audit and Risk Committee) and CanAssist. Gary previously held senior executive positions with Country Energy and Essential Energy after a 10 year career in the banking sector. Gary brings to the board a wealth of experience in risk management, governance, strategy and executive leadership.

Jane Evans

Independent Non-Executive Director

Qualifications: MSc Public Service Management (London), Member of IHSM by examination (UK), HND HCIMA (UK)

Jane joined the Board in 2020 and currently is a member of the Marketing and Innovation Committee and the Governance Committee. Jane has extensive strategic and operational experience acquired over 35 years in demanding senior leadership managerial and board level roles. Jane is currently an Adjunct Senior Lecturer and Senior Research Co-ordinator in Community Health and Health Leadership and Management at Charles Stuart University. Jane is also Chair of the Board of Directors at Bundaleer Care Services. Jane previously held positions of Hasting Macleay Clinical Network Coordinator/General Manager Port Macquarie Base Hospital and Project Manager for the Mid North Coast Local Health District Capital Works Infrastructure Projects. Jane is a community representative on the PMHC Economic Development Steering Committee and is currently an International Director at the Rotary Club of Port Macquarie Sunrise. Jane brings to the Board extensive experience in strategy and leadership, project management, operational performance, people and culture/industrial relations and governance.

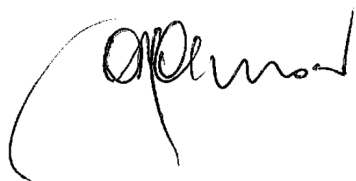
Acknowledgements

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.



David Johnson
Chairperson



Lisa Intemann
Director

Dated: 28 September 2021

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 2021 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: 28 September 2021

3/80 High Street
WAUCHOPE NSW 2446

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$'000	2020 \$'000
PROFIT FROM CONTINUING OPERATIONS			
Revenue from contracts with customers	2	100,029	92,697
Cost of sales	3	(81,416)	(75,137)
Gross profit		18,613	17,560
Other operating income	2	3,594	3,336
Bad and doubtful debts expense	3	(18)	(21)
Depreciation and amortisation expense	3	(2,728)	(2,513)
Employee benefits expense		(12,116)	(11,454)
Finance costs	3	(1,138)	(1,102)
Other expenses		(6,570)	(6,058)
Profit / (loss) before income tax		(363)	(252)
Income tax (expense) / benefit	4	210	306
Profit / (loss) for the year		(153)	54
Profit / (loss) attributable to members of the Co-operative		(153)	54
Other comprehensive income			
Revaluation of land and buildings	10	-	2,825
Total other comprehensive income for the year, net of tax		-	2,825
Total comprehensive income for the year, net of tax		(153)	2,879
Total comprehensive income attributable to members of the Co-operative		(153)	2,879

BALANCE SHEET
AS AT 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	99	99
Trade and other receivables	6	1,123	1,069
Inventories	7	6,720	6,179
Other assets	8	89	94
Total current assets		8,031	7,441
Non-current assets			
Other financial assets	9	-	1
Property, plant and equipment	10	22,711	23,410
Right-of-use assets	11	14,140	13,424
Intangible assets	12	627	615
Deferred tax assets	13	1,179	969
Total non-current assets		38,657	38,419
Total assets		46,688	45,860
LIABILITIES			
Current liabilities			
Trade and other payables	14	5,704	5,141
Interest-bearing loans and borrowings	15	2,005	1,591
Lease liabilities	16	1,465	1,565
Employee benefit obligations	17	1,359	1,119
Other liabilities	18	222	176
Total current liabilities		10,755	9,592
Non-current liabilities			
Interest-bearing loans and borrowings	15	9,699	10,784
Lease liabilities	16	14,531	13,287
Employee benefit obligations	17	267	316
Other liabilities	18	1,257	1,549
Total non-current liabilities		25,754	25,936
Total liabilities		36,509	35,528
Net assets		10,179	10,332
EQUITY			
Reserves	19	8,153	8,153
Retained earnings		2,026	2,179
Total equity		10,179	10,332

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Retained earnings \$'000	Reserves \$'000	Total equity \$'000
Balance at 1 July 2019	2,125	5,328	7,453
Profit / (loss) for the year	54	-	54
Other comprehensive income	-	2,825	2,825
Total comprehensive income for the year	54	2,825	2,879
Balance at 30 June 2020	2,179	8,153	10,332

Balance at 1 July 2020	2,179	8,153	10,332
Profit / (loss) for the year	(153)	-	(153)
Other comprehensive income	-	-	-
Total comprehensive income for the year	(153)	-	(153)
Balance at 30 June 2021	2,026	8,153	10,179

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		106,707	99,610
Payments to suppliers and employees		(106,777)	(99,634)
Other income		3,730	3,648
Interest received		5	13
Interest paid		(937)	(1,102)
Net cash inflow / (outflow) from operating activities	21	2,728	2,535
Cash flows from investing activities			
Payments for property, plant and equipment		(937)	(6,116)
Proceeds from sale of property, plant and equipment		204	143
Payments for intangible assets		(46)	(293)
Net cash inflow / (outflow) from investing activities		(779)	(6,266)
Cash flows from financing activities			
Proceeds from borrowings		661	5,817
Repayment of borrowings		(1,441)	(1,896)
Proceeds from lease incentives		-	500
Payment of principal portion of lease liabilities		(787)	(607)
Payments for shares bought back		(290)	(123)
Net cash inflow / (outflow) from financing activities		(1,857)	3,691
Net increase / (decrease) in cash and cash equivalents		92	(40)
Cash and cash equivalents at the beginning of the year		(269)	(229)
Cash and cash equivalents at end of year	5	(177)	(269)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION AND BASIS OF PREPARATION

General Information

The financial statements are for Hastings Co-operative Limited (the Co-operative) as an individual entity. The Co-operative is a for-profit 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 28 September 2021.

Registered Office

Level 1, 9-13 High Street in Wauchope NSW 2446.

Basis of Preparation

The Financial Report of the Co-operative:

- Is a general purpose financial report;
- Has been prepared in accordance with the *Co-operatives National Law (NSW)*;
- Has been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- Is presented in Australian dollars, with all values rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Co-operative under *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*;
- Has been prepared on a going concern and accruals basis and is based on historical costs, except for certain assets and liabilities measured at fair value;
- Has amended comparative figures when required by Australian Accounting Standards; and
- Contains accounting policies that have been consistently applied to all periods presented, unless otherwise stated.

Current versus Non-Current Classification

The Co-operative presents assets and liabilities in the Balance Sheet based on current / non-current classification.

Assets

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Co-operative classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current.

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.

NOTES TO THE FINANCIAL STATEMENTS

Key Estimates - Impairment of Tangible and Intangible Assets

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 various key assumptions.

Correction of an error

The Co-operative must apply Accounting Standard AASB 16 when measuring leases. AASB 16 requires entities to initially measure the lease liability based on the present value of lease payments. In the case of variable lease payments that are linked to an index or rate, the Co-operative is required to measure lease payments using the index or rate at the commencement date (i.e. the Co-operative does not estimate future inflation but, instead, measures lease liabilities using lease payments that assume no inflation over the remainder of the lease term). When the Co-operative measured lease liabilities upon initial application of AASB 16, it included a forecast change in the index or rate. As a consequence, lease liabilities were overstated. Lease liabilities were recalculated upon identification of the error.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows.

Impact on Balance Sheet - increase / (decrease)	30-Jun-20 \$'000	1-Jul-19 \$'000
Right-of-use assets	(781)	(1,210)
Deferred tax assets	(176)	(153)
Total assets	<u>(957)</u>	<u>(1,363)</u>
Lease liabilities	(1,367)	(1,720)
Total liabilities	<u>(1,367)</u>	<u>(1,720)</u>
Net impact on net assets / equity	<u>410</u>	<u>357</u>

Impact on Profit and Loss - increase / (decrease)	
Depreciation and amortisation expense	52
Finance costs	83
Other expenses	(59)
Income tax expense / (benefit)	<u>(23)</u>
Net impact on profit or loss for the year	<u>53</u>

The change did not have an impact on other comprehensive income for the period or the Co-operative's operating, investing and financing cash flows.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - REVENUE AND OTHER INCOME

2021 2020
\$'000 \$'000

Disaggregation of revenue from customers

The Co-operative derives revenue from the transfer of goods and services at a point in time in the following major product lines:

Supermarkets and Liquor	70,532	62,201
Energy and Rural	27,266	28,541
Other	2,231	1,955
Revenue from contracts with customers	100,029	92,697

Other Income

Interest received	5	13
Rent received	78	232
Rebates, commissions and other revenue	3,461	3,079
Gain on disposal of non-current assets	50	12
	3,594	3,336
Total revenue and other income	103,623	96,033

ACCOUNTING POLICY

Sale of goods - retail

Revenue from the sale of goods is recognised at the time when the Co-operative sells a product or delivers a service to the customer.

Interest received

Interest income is recognised using the effective interest method.

Rent received

Investment properties are leased to tenants under operating leases with rentals payable weekly.

Goods and Services Tax (GST)

Revenue, 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 which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

NOTE 3 - OTHER EXPENSES

Cost of Sales

Purchases of goods available for sale	81,970	75,922
Change in inventories	(554)	(785)
	81,416	75,137

Finance costs

Interest on borrowings	467	535
Interest on lease liabilities	671	567
	1,138	1,102

NOTES TO THE FINANCIAL STATEMENTS

Depreciation and amortisation

Depreciation

	2021	2020
	\$'000	\$'000
Buildings and improvements	231	190
Plant and equipment	1,248	1,221
	1,479	1,411

Amortisation

Computer software and other intangible assets	34	36
Right-of-use assets	1,215	1,066
	1,249	1,102
	2,728	2,513

Bad and doubtful debts

18	21
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Loss on disposal of non-current assets

3	21
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NOTE 4 - INCOME TAX

Components of income tax

The major components of income tax expense / (benefit) are:

Current income tax:

Current income tax charge	-	-
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Deferred tax:

Relating to origination and reversal of temporary differences	(210)	(306)
Income tax expense / (benefit)	(210)	(306)

Reconciliation of tax expense / (benefit)

Accounting profit / (loss) before tax from continuing operations	(363)	(252)
At Co-operative's statutory income tax rate of 30% (2020: 30%)	(109)	(76)
Non-deductible expenses for tax purposes	2	6
Movement in deferred tax liabilities not accounted for	(230)	(40)
Current year tax losses not recognised	127	-
Utilisation of previously unrecognised tax losses	-	(196)
Income tax expense / (benefit)	(210)	(306)

ACCOUNTING POLICY

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Australian Taxation Office (ATO). Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Co-operative offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

	Note	2021 \$'000	2020 \$'000
NOTE 5 - CASH AND CASH EQUIVALENTS			
Cash on hand		99	99

Reconciliation of Cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to items in the Balance Sheet as follows:

Cash and cash equivalents		99	99
Bank overdraft	15	(276)	(368)
		(177)	(269)

ACCOUNTING POLICY

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 net of bank overdrafts. Bank overdrafts are reported within interest-bearing loans and borrowings in current liabilities on the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - TRADE AND OTHER RECEIVABLES

	2021 \$'000	2020 \$'000
Trade receivables	1,059	843
Allowance for expected credit losses	(33)	(17)
	1,026	826
Other receivables	97	243
	1,123	1,069

The carrying value of trade and other receivables approximates fair value.

At 30 June, the ageing analysis of trade receivables is as follows:

Less than 30 days	897	752
30 to 60 days	74	56
61 to 90 days	34	9
More than 90 days	54	26
	1,059	843

ACCOUNTING POLICY

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses (ECLs).

Expected Credit Losses

For trade receivables, the Co-operative applies a simplified approach in calculating ECLs. The Co-operative has established a provision matrix that is based on its historical credit loss experience.

NOTE 7 - INVENTORIES

Finished goods at cost	6,720	6,179
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ACCOUNTING POLICY

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTE 8 - OTHER ASSETS

Current

Prepayments	89	94
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NOTE 9 - OTHER FINANCIAL ASSETS

Shares in other corporations	-	1
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NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2020				
Opening net book amount	5,906	6,142	4,038	16,086
Additions	-	4	6,058	6,062
Disposals	-	-	(152)	(152)
Transfers	-	(22)	22	-
Revaluation increments / (decrements)	629	2,196	-	2,825
Depreciation	-	(190)	(1,221)	(1,411)
Closing net book amount	6,535	8,130	8,745	23,410
Cost or fair value	6,535	8,130	15,787	30,452
Accumulated depreciation	-	-	(7,042)	(7,042)
Net book amount	6,535	8,130	8,745	23,410

Year ended 30 June 2021

Opening net book amount	6,535	8,130	8,745	23,410
Additions	-	-	937	937
Disposals	-	-	(157)	(157)
Revaluation increments / (decrements)	-	-	-	-
Depreciation	-	(231)	(1,248)	(1,479)
Closing net book amount	6,535	7,899	8,277	22,711
Cost or fair value	6,535	8,130	16,469	31,134
Accumulated depreciation	-	(231)	(8,192)	(8,423)
Net book amount	6,535	7,899	8,277	22,711

If the Co-operative were to use the cost model, the carrying amounts of land buildings would be as follows:

	2021	2020
	\$'000	\$'000
Cost	8,416	8,416
Accumulated depreciation	(1,927)	(1,757)
	6,489	6,659

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICY

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. 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.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings and improvements	40 years
Plant and equipment	2 to 20 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate.

Impairment

The Co-operative assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Co-operative estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 - RIGHT-OF-USE ASSETS

	Buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000
Year ended 30 June 2020			
Opening net book amount	5,339	103	5,442
New lease commencements	8,896	131	9,027
Remeasurement of lease liabilities	4	17	21
Depreciation	(1,024)	(42)	(1,066)
Closing net book amount	13,215	209	13,424
 Right-of-use asset	 17,161	 262	 17,423
Accumulated depreciation	(3,946)	(53)	(3,999)
Net book amount	13,215	209	13,424
 Year ended 30 June 2021			
Opening net book amount	13,215	209	13,424
New lease commencements	2,943	-	2,943
Remeasurement of lease liabilities	(1,012)	-	(1,012)
Depreciation	(1,162)	(53)	(1,215)
Closing net book amount	13,984	156	14,140
 Right-of-use asset	 16,784	 262	 17,046
Accumulated depreciation	(2,800)	(106)	(2,906)
Net book amount	13,984	156	14,140

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 of 5 years. The lease payments are fixed during the term of the leases.

ACCOUNTING POLICY

Leases

The Co-operative assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Co-operative as a lessee

The Co-operative applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

NOTES TO THE FINANCIAL STATEMENTS

Right-of-use assets

The Co-operative recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	25 years
Plant and equipment	5 years

The right-of-use assets are also subject to impairment.

NOTE 12 - INTANGIBLE ASSETS

	Goodwill	Computer software	Other intangible assets	Total
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2020				
Opening net book amount	264	94	-	358
Additions	234	18	41	293
Disposals	-	-	-	-
Amortisation	-	(34)	(2)	(36)
Closing net book amount	498	78	39	615
Cost or fair value	498	233	41	772
Accumulated depreciation	-	(155)	(2)	(157)
Net book amount	498	78	39	615
Year ended 30 June 2021				
Opening net book amount	498	78	39	615
Additions	-	46	-	46
Disposals	-	-	-	-
Amortisation	-	(32)	(2)	(34)
Closing net book amount	498	92	37	627
Cost or fair value	498	279	41	818
Accumulated depreciation	-	(187)	(4)	(191)
Net book amount	498	92	37	627

Impairment testing of acquired goodwill

Goodwill acquired has been allocated to the relevant cash generating unit (CGU) to which it belongs. In regards to goodwill, CGUs for the Co-operative are Port Macquarie IGA and Enterprise Car Rental.

Key assumptions used in the value in use calculations are:

- Pre-tax discount rate applied to cash flow projections is 4.11% (2020: 8.50%);
- Revenue: based on growth predictions;
- Cost of sales: based on revenue growth; and
- Other costs: based on revenue growth and expected wage increases.

Management did not identify any impairment for the CGUs based on their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICY

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Co-operative's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income.

Impairment

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

NOTE 13 - DEFERRED TAX ASSETS

Opening balance as at 1 July
Tax expense during the period recognised in profit or loss
Closing balance as at 30 June

2021	2020
\$'000	\$'000
969	663
210	306
1,179	969

Deferred tax relates to the following:

Provisions
Allowance for expected credit losses
Lease liabilities and right-of-use assets
Other

513	454
10	5
557	428
99	82
1,179	969

NOTES TO THE FINANCIAL STATEMENTS

	Note	2021 \$'000	2020 \$'000
NOTE 14 - TRADE AND OTHER PAYABLES			
Trade payables		5,161	4,658
Other payables and accrued expenses		543	483
		5,704	5,141

ACCOUNTING POLICY

Trade payables are generally on 30 day terms. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. The carrying value of trade and other payables approximates their fair value.

NOTE 15 - INTEREST-BEARING LOANS AND BORROWINGS

Bank overdraft		276	368
Bank loan		6,825	7,325
Equipment loans		4,603	4,682
		11,704	12,375
Current		2,005	1,591
Non-current		9,699	10,784
		11,704	12,375

The carrying amount of the bank loan and equipment loans approximates their fair value.

Borrowing facilities

Total facilities available		12,403	13,182
Facilities used		(11,704)	(12,375)
Unused facilities		699	807

Non-current assets pledged as security

The bank overdraft, bank loan 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 amount of non-current assets pledged as security for interest-bearing loans and borrowings are:

Freehold land and buildings	10	14,434	14,665
Plant and equipment	10	8,277	8,745
		22,711	23,410

Financial assets pledged as security

The bank overdraft, bank loan and commercial loans are secured by a fixed and floating charge over all the assets of the Co-operative.

The carrying amount of financial assets pledged as security for interest-bearing loans and borrowings are:

Cash and cash equivalents	5	99	99
Trade and other receivables	6	1,123	1,069
Other investments	9	-	1
		1,222	1,169

Financial Covenants

- 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

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICY

Financial liabilities at amortised cost (loans and borrowings)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Co-operative incurs in connection with the borrowing of funds.

NOTE 16 - LEASE LIABILITIES

	2021 \$'000	2020 \$'000
Opening balance as at 1 July	14,852	5,907
Additions	2,943	9,024
Accretion of interest	671	566
Remeasurement of lease liabilities	(1,012)	21
Lease payments	(1,458)	(666)
Closing balance as at 30 June	15,996	14,852
Current	1,465	1,565
Non-current	14,531	13,287
	15,996	14,852

The following are the amounts recognised in profit or loss:

Interest expense on lease liabilities	671	566
Expenses relating to leases of low-value assets (included in other expenses)	74	71
Total amount recognised in profit or loss	745	637

ACCOUNTING POLICY

Lease liabilities

At the commencement date of the lease, the Co-operative recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Co-operative uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Co-operative applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

	2021 \$'000	2020 \$'000
NOTE 17 - EMPLOYEE BENEFIT OBLIGATIONS		
Provisions	1,626	1,435
Current	1,359	1,119
Non-current	267	316
	1,626	1,435
Movement in provisions		
Opening balance as at 1 July	1,435	1,407
Additional provisions recognised	191	28
Unused amounts reversed	-	-
Amounts used during the year	-	-
Closing balance as at 30 June	1,626	1,435

ACCOUNTING POLICY

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.

Superannuation

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

NOTE 18 - OTHER LIABILITIES

Current

Income in advance	222	176
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Non-current

Fully paid ordinary shares	1,257	1,549
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Movement in fully paid ordinary shares

Opening balance as at 1 July	1,549	1,715
Shares bought back	(290)	(123)
Shares forfeited	(5)	(46)
Reinstated shares that were previously forfeited	3	3
Closing balance as at 30 June	1,257	1,549

ACCOUNTING POLICY

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 Balance Sheet. In accordance with UIG Interpretation 2, dividends relating to members' shares are recognised as an expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

	2021	2020
	\$'000	\$'000
NOTE 19 - RESERVES		
Asset revaluation reserve	8,153	8,153

ACCOUNTING POLICY

Asset revaluation reserve

The asset revaluation reserve records revaluations of land and buildings.

NOTE 20 - CAPITAL 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 21 - CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit / (loss) after income tax

Profit / (loss) after income tax	(153)	54
Adjustments for:		
Depreciation and amortisation expense	2,728	2,513
Net (gain) / loss on sale of non-current assets	(47)	9
Movement in allowance for expected credit losses	16	(10)
Interest on equipment loans	202	-
Shares (forfeited) / reinstated	(2)	(43)
(Increase) / decrease in:		
Trade and other receivables	(70)	736
Inventories	(541)	(782)
Prepayments	5	(12)
Deferred tax assets	(210)	(306)
Increase / (decrease) in:		
Trade and other payables	563	338
Provisions	191	28
Income in advance	46	10
Cash flow from operations	2,728	2,535

ACCOUNTING POLICY

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

NOTE 22 - COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as a liability is as follows:

Property, plant and equipment - payable not later than 1 year	14	88
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NOTES TO THE FINANCIAL STATEMENTS

NOTE 23 - CONTINGENT LIABILITIES

Ampol Australia Petroleum Pty Ltd

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

Metcash Trading Limited

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

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.

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 24 - RELATED PARTY TRANSACTIONS

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.

Directors

During the financial year the following Directors held office:

David Johnson	Chairperson
Lisa Intemann	
Richard McGovern	
Rodney Barnaby	
Robert Preston	
Gary Humphreys	
Jane Evans	
Jaclyne Fisher	

Other KMP

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

Allan Gordon	Chief Executive Officer
Troy Sallaway	Financial Controller
Darren Partridge	Divisional Manager IGA & Liquor
Stephen Russell	Energy Division Manager
Carol Leach	Business Unit Manager
Judith Standring	Business Unit Manager
Lisa Atkins	Business Unit Manager
Joshua Tang	Business Unit Manager
Kristie Hinds	Business Unit Manager
Matthew Field	Business Unit Manager
Angela Collins	Business Unit Manager

NOTES TO THE FINANCIAL STATEMENTS

	2021	2020
	\$	\$
KMP Compensation		
Short-term employee benefits	1,163,850	1,144,908
Post-employment benefits	108,322	101,693
Other long-term benefits	14,205	18,308
	1,286,377	1,264,909

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.

Related Party Transactions

Sales to KMP

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

Shares held and acquired by KMP

	Number	Number
Aggregate number of shares held	268	2,748
Aggregate number of shares acquired	20	10

NOTE 25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Co-operative's financial instruments consist mainly of cash and cash equivalents, accounts receivable and payable, bank overdraft facility and interest-bearing loans and borrowings. 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.

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 Balance Sheet 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.

NOTES TO THE FINANCIAL STATEMENTS

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 assets and liabilities.

	Less than 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
2021				
Cash and cash equivalents	99	-	-	99
Other investments	-	-	-	-
Trade and other receivables	1,156	-	-	1,156
Bank overdraft	(276)	-	-	(276)
Bank loan	(700)	(6,125)	-	(6,825)
Equipment loans	(1,029)	(3,539)	(35)	(4,603)
Lease liabilities	(1,495)	(5,564)	(8,937)	(15,996)
Trade and other payables	(5,704)	-	-	(5,704)
Fully paid ordinary shares	-	(1,257)	-	(1,257)
Net inflows / (outflows)	(7,949)	(16,485)	(8,972)	(33,406)
2020				
Cash and cash equivalents	99	-	-	99
Other investments	-	-	1	1
Trade and other receivables	1,086	-	-	1,086
Bank overdraft	(368)	-	-	(368)
Bank loan	(700)	(6,625)	-	(7,325)
Equipment loans	(524)	(4,158)	-	(4,682)
Lease liabilities	(1,602)	(5,102)	(8,148)	(14,852)
Trade and other payables	(5,141)	-	-	(5,141)
Fully paid ordinary shares	-	(1,549)	-	(1,549)
Net inflows / (outflows)	(7,150)	(17,434)	(8,147)	(32,731)

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. The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

	Pre-tax profit Higher / (lower)		Equity Higher / (lower)	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Judgements of reasonably possible movements				
+1.0% (100 basis points)	(43)	(40)	(43)	(40)
-1.0% (100 basis points)	43	40	43	40

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26 - FAIR VALUE MEASUREMENT

Hierarchy

The following table provides the fair value measurement hierarchy of the Co-operative's assets and liabilities.

	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)
	\$'000	\$'000	\$'000
2021			
<i>Revalued property, plant and equipment</i>			
Land and buildings	-	14,434	-
<i>Liabilities for which fair values are disclosed</i>			
Bank loans	-	6,825	-
Equipment loans	-	4,603	-

There were no transfers between Levels 1, 2 or 3 during 2021.

2020			
<i>Revalued property, plant and equipment</i>			
Land and buildings	-	14,665	-
<i>Liabilities for which fair values are disclosed</i>			
Bank loans	-	7,325	-
Equipment loans	-	4,682	-

There were no transfers between Levels 1, 2 or 3 during 2020.

ACCOUNTING POLICY

The Co-operative measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Co-operative.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Co-operative uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Co-operative determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Co-operative has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

NOTE 27 - AUDITOR'S REMUNERATION

The auditor of the Co-operative is NorthCorp Accountants. Fees paid:

Audit of the statutory financial report

Internal audit services

Tax compliance

Other assurance and agreed-upon procedures services

	2021	2020
	\$	\$
	58,900	58,200
	60,000	60,000
	3,500	4,000
	1,900	5,700
	124,300	127,900

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Hastings Co-operative Limited (the Co-operative):

1. In the opinion of the directors:

- (a) the financial statements and notes of the Co-operative for the financial year ended 30 June 2021 are 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 2021 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards;
- (b) the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as disclosed in Note 1; and
- (c) 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.

On behalf of the Board



David Johnson
Chairperson



Lisa Intemann
Director

Dated: 28 September 2021

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 (the Co-operative), which comprises the Balance Sheet as at 30 June 2021, the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement 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 2021 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. 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* (including Independence Standards) (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 2021, 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Hastings Co-operative Limited

Responsibilities of Directors 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

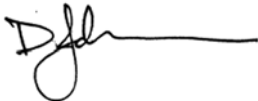
To the Members of Hastings Co-operative Limited

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 regarding, 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: 28 September 2021

Notes

Notes

- Safe, clean and hazard free environments for customers, suppliers and employees



SAFETY

- Warm, consistently friendly customer service
- Going the extra mile
- Value for money
- Quality guarantees
- Understanding your unique needs
- Putting ourselves in your shoes



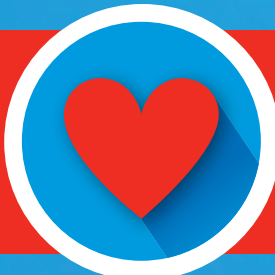
SATISFACTION

- Smooth, stress-free shopping
- Competitive products and services
- Convenience and location
- Product knowledge
- Well presented stores
- Flexible payment, shopping and delivery options



MAKING LIFE EASIER

YOU ARE AT THE HEART



OF EVERYTHING WE DO

COMMUNITY



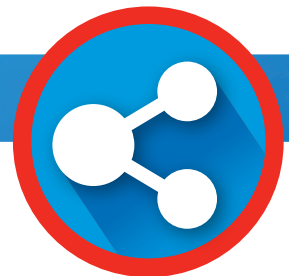
- Employing locals
- Showcasing local producers
- Supporting local groups and charities
- Working collaboratively with community partners
- Rewarding valued members
- Regular communication

LOYALTY



- One Co-op, 22 businesses
- Points every time you shop
- Valuing and rewarding shareholders and Co-op 100 members
- Welcoming new customers to the Co-op family
- Building relationships so you'll love visiting all our stores, time after time

EVOLVING



- Listening and responding to your feedback so we can continually improve
- Ongoing technology and process improvements
- Diversifying for the benefit of members, customers and employees

Hastings Co-op family



CALTEX



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