



# Annual Report 2021-22



*National Community Service Award winners*

# 2021-22 Highlights

## Customer and member satisfaction

- 2022 National IGA Community Service Award winners
- Exceptional Net Promoter Scores in Dec 2021 customer survey +55 for IGA & liquor division, +45 for fuel division and +48 for farm supplies
- 16% increase in Co-op 100 members, from 9,884 in 2020-2021 to 11,494 in 2021-2022
- All Co-op employees trained in Co-op Standards to further enhance customer experience

## Giving back

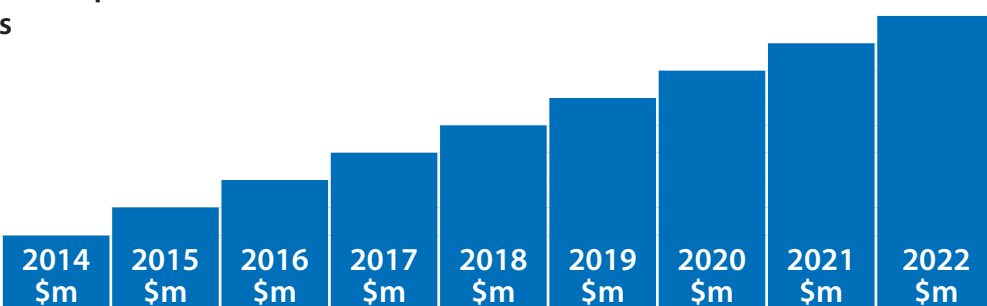
- \$255,380 returned in rewards vouchers to 4,154 active Shareholder members
- \$121,575 returned in rewards vouchers to 11,494 Co-op 100 members
- Donated \$16,000 in Community Chest grants to 10 community groups
- Employed more than 400 locals
- Sponsored 78 sporting clubs, schools, local community groups, charities and events
- Supported and showcased local producers and suppliers in our stores

## Caring for our environment

- 696 solar panels generating 403 tonnes of avoided emissions annually
- Five battery recycling units introduced at all four IGAs and Mitre 10 & CRT Wauchope
- Partnered with OzHarvest to donate food for charities and people in need
- Partnered with The Market Grocer to donate nuts and dried fruit to Billabong Zoo

## Work health and safety

- Health and safety targets set for all businesses to monitor improvements
- Established safe operating procedures and forms and mandatory critical risk control measures
- Constructed rear access at Comboyne Rural Store to reduce the risk of injury



	2014 \$m	2015 \$m	2016 \$m	2017 \$m	2018 \$m	2019 \$m	2020 \$m	2021 \$m	2022 \$m
<b>Total revenue</b>	75.1	74.8	75.7	81.4	86.1	90.8	96.0	103.6	113.9
<b>Total expenses</b>	74.5	74.2	74.5	80.2	85.2	89.6	96.3	104.0	115.5
<b>Net profit / (loss) before tax</b>	0.6	0.6	1.2	1.2	0.9	1.2	(0.3)	(0.4)	(1.6)
<b>Net profit / (loss) after tax</b>	0.5	0.6	1.3	1.2	0.9	1.3	0.1	(0.2)	(1.5)
<b>Gain / (loss) on revaluation</b>	0.6						2.8	0.0	8
<b>Total comprehensive income</b>	1.1	0.6	1.3	1.2	0.9	1.3	2.9	(0.2)	6.5
<b>Total assets</b>	21.5	21.0	21.2	21.7	22.9	31.3	45.8	46.7	53.5
<b>Total liabilities</b>	18.8	17.6	16.9	16.2	16.5	24.2	35.5	36.5	36.8
<b>Equity</b>	2.7	3.4	4.3	5.5	6.4	7.1	10.3	10.2	16.7
<b>Member shares</b>	2.6	2.5	2.4	2.2	1.9	1.7	1.5	1.3	1.2

Performance at a glance for the year ending June 30, 2022

# Annual General Meeting 2022

Notice is hereby given that the 106th Annual General Meeting of the Hastings Co-operative Limited will be held on Tuesday, November 22, 2022 at Wauchope Country Club, 24 King Street, Wauchope, commencing at 9.30am.

## Business of the 2022 Annual General Meeting

**1. Welcome and apologies**

**2. Acknowledgement of country**

**3. Co-operative prayer**

**4. Receipt and noting of minutes**

To receive and note the minutes of the 105th Annual General Meeting held November 23, 2021 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 the 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 June 30, 2022**

- 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 (\$186,148 in 2021). This represents no increase over the 2021 remuneration.

**12. Appointment of External Auditors**

To confirm the appointment of NorthCorp Accountants as the independent Auditor for 2022/23.

**13. To declare the result of any director election**

**Allan Gordon**  
**Co-operative Secretary**

October 25, 2022

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# Chair's report

I was delighted to be elected as Chair by my fellow directors in April and it's an honour to present my first report.

The year has been a challenging one for the Co-op and culminates in three years of disruptions to what was previously known as normal trading conditions.

The financial report highlights the struggles that we have dealt with over the past 12 months, and in particular the reduction in gross profit margins during the second half of the year.

The present challenging industry conditions are likely to remain for some time, and as a Board we will be adjusting our strategic direction to ensure the Co-op remains a strong and viable business.

The rapid and considerable increases in the cost of doing business have impacted the Co-op over the course of 2021-22. The breadth and size of these increases were not forecast this time last year and we need to adjust the way we do business to ensure that we can meet the challenges of 2023 and beyond.

The Co-op is at a point in its history that will require significant, and possibly difficult, decisions to be made. The industries that we operate in are evolving, so a restructure and substantial capital investment will be required for the Co-op to remain competitive.

We are an asset rich organisation, and we need to ensure these assets are fully utilised and provide an adequate rate of return for our members. We are also fully aware that our competitors are making significant investments in new technologies that will widen the gap in competitiveness with the Co-op, especially in relation to input costs. We therefore need to have the necessary strategies in place to ensure we can bridge this gap.

The outlook for 2023 remains challenging, however, I am confident that the path that will be set in 2023 will lay the foundation for next decade and ensure the Co-op's long-term viability. While no definitive decisions have been made, the Board and Management have begun a full review of the strategic direction, which will be communicated in the first quarter of 2023.

Our focus during this time is three-fold. Firstly, the decisions we make will be in the best interest of our members, secondly they will provide a more efficient and rewarding workplace for our employees and thirdly they will ensure the Co-op remains a strong and viable business.

This year also saw the retirement of long-time Chair, David Johnson in March and Director Richard McGovern at the November 2022 AGM. Both David and Richard joined the Board in 2013, although at different times, with Richard in February and David in November. Both have a deep understanding of the value of co-operatives and its members and brought this perspective to each Board meeting. Their insights into the community and the skills that they displayed over the past 10 years will be greatly missed by the Board. On behalf of the Board, I wish them every success for the future and thank them sincerely for their service to the Co-op.

I would also like to acknowledge and thank our dedicated and hardworking employees. The passion they have for the local communities we serve helps set us apart from our competitors. I would like to give a special mention to Chief Executive Officer Allan Gordon for his dedication and leadership for nearly 10 years.

Allan has announced that he will be retiring in 2023 and on behalf of the Board I would like to wish him and his family all the very best for the future. I'll have more to say closer to Allan's retirement.

I thank the full Board of Directors for their ongoing support and focus on ensuring we deliver outcomes that are always in the best interests of our members and communities.

In closing, I would like to thank you, our members, for your continued support and loyalty, without this our Co-op would not exist and I can assure you it is never taken for granted. The best asset the Co-op has is you, our members, and your continued support as we transition through the restructure and investment strategies would be greatly appreciated.

**Gary Humphreys**  
**Chair**

# Chief Executive Officer's report

It has been quite a challenging year and we've seen a lot of changes in the retail environment that have adversely affected the Co-op's performance. Supply chain disruptions, staff shortages, inflation across all industries and reductions in gross profit margins have all contributed to the Co-op's performance in 2021-22.

Our biggest challenge has been to maintain gross profit margins across all businesses. The reductions mainly occurred in the second half of the year as fuel prices, freight and inventory items rose rapidly. Our commitment to supplier programs such as "Price Match", "Lower Prices Everyday" and IGA catalogue items meant that we were not able to increase sale prices to adequately compensate for the increase in costs. Additionally, we understand the financial pressures of our customers and endeavoured to keep increases to a minimum in the hope that the spikes in pricing would be short-lived. Unfortunately, as I write this report the situation will be prolonged and for the Co-op to remain sustainable, we will need to adjust our pricing to maintain a level of profitability.

Our rural supplies and hardware business was particularly affected by reductions in margins. This rapid reduction in profit margins over this period triggered reviews of our systems and procedures and at the time of writing, further work is being carried out to understand the causes of these decreases as a definitive single cause has not been identified. Inventory losses following stocktake of the store has contributed to the poor result and the reasons for these stock adjustments are part of the review. The rural division has undergone significant changes since July, and I am pleased to report that margins are returning to normal levels.

Our Sovereign Place IGA business has not met expected targets for several reasons including slower than forecasted population growth in the area. Significant efforts are being undertaken to solve this issue as the Co-op cannot support this business at the current levels.

I have often broken down my annual report into four categories, these being: financial; value for shareholders; employer of choice and; governance. I also outlined in previous reports where I felt the Co-op would need to transform if we were to continue long into the 21st century.

The acceleration of change in the industries in which we now operate makes the need for transformation our number one priority for the next two to three years. When you break down the income streams of the Co-op we have three major streams - supermarkets and liquor, bulk and retail fuel and hardware and rural. All three of these industries are going through dramatic changes that require the Co-op to adapt.

The fuel industry in particular will face major disruptions over the next decade and the Co-op must be prepared for the changes that are coming. We are working with our distribution partner, Ampol, in ensuring that we are part of their future, as the transition from fossil fuels to renewables accelerates. This is not to say that we won't remain active in the fuel business, as the need for fossil fuels will remain well into the next decade, but we do recognise that the industry has a finite life as a viable industry and the Co-op must be prepared to change.

Our ambition of being the employer of choice took some large steps forward during 2021-22 with the appointment of a full-time training officer. This has seen our ability to train our staff internally greatly enhanced and has led to serious elevation in the skill levels of staff in leadership positions. During the year, every employee undertook core training in the Co-op Standards. These standards are designed to deliver a level of customer service at all stores which is consistent with the Co-op's values. As a result, customer feedback regarding customer service has been overwhelmingly positive and I thank all staff for embracing the Co-op Standards.

Our leadership and diversity programs have also been delivered to a number of staff and these programs are the first step in elevating the skill levels of frontline leaders to work with teams to provide the highest level of customer service we can. Further training is planned for the 2022-23 financial year with leadership, product knowledge and customer service being the focus.

# Chief Executive Officer's report

The Co-op has experienced staff shortages during the year as a result of Covid and the lack of available candidates when positions are advertised. Our personal/carers leave, mainly resulting from the need for staff to isolate for seven days, increased 40% compared to the previous year. In all, the cost of Covid is estimated to exceed \$150K during 2021-22.

In summary, the financial result for the year was not at the level we have come to expect, particularly in the final six months of the year, when inflation and the rising cost of living was highest and our gross profit margins reduced as suppliers endeavoured to maintain prices at a reasonable level. Fuel margins, grocery margins and the poor performance of the rural division saw significant shortfalls in net income. Reductions in gross margins compared to the average margins achieved in 2020-21 saw a reduction more than \$650K over in the last four-month period.

On a positive note, a revaluation of property saw the values rose by \$7.9M. This is reflected in the other comprehensive income section of the financial report and the Balance Sheet. The Co-op now has net assets over its liabilities of \$16.6M

Over the next 12 months we will be making significant decisions to ensure we remain a viable and sustainable business. The decisions will be based around three key criteria – in the best interest of our members, making employment with us more efficient and rewarding and lastly to ensure we are a strong, viable and sustainable business well into the future. We will keep members informed as any decisions are made and will seek feedback as part of the process.

I would also like to thank the Board for their continued support and in particular to retiring Directors David Johnson (retired 31st March) and Richard McGovern who have been through both the good and the not so good times of the Co-op. I would like to thank David for his leadership as Chair and Richard for always ensuring the voice of the membership is heard. They have both contributed greatly to the Co-op and you will both be missed. On behalf of you the members, I wish them best for the future.

Finally, I would like to advise that I will be retiring my position as CEO in 2023, and this will be my last annual report. I would like to thank our members for the support and loyalty you have shown me and Co-op over the past 10 years of my tenure. I wish the Co-op every success for the future and trust you will continue to support the Co-op well into the future.

**Allan Gordon**

**Chief Executive Officer**

# Giving back to the community

Our commitment to giving back to the communities we serve was recognised on state and national stages this year, culminating in being awarded the coveted NSW IGA Community Service Award.

To win the national award over 1,455 other independently-owned IGAs nationwide is the ultimate recognition for our staff, who have a proud reputation for customer service excellence and supporting our local community in the face of drought, bushfires, floods and a pandemic. Our community knows that when we're dealt a difficult hand they can depend on us. We often talk about the Hastings Co-op family of businesses and that's what our members and customers are - family.

We love working, playing and living in this beautiful part of the world and our 'locals supporting locals' philosophy encompasses everything from local job opportunities and a generous member loyalty program to showcasing local producers in our stores and working with business partners to ensure the region continues to thrive.

## Community Chest grant recipients

- Wauchope Walking Group - Defibrillator
- Wauchope Blues Junior Rugby League Club - Upgraded first aid kits
- Wauchope Men's Shed - Extension to workshop area
- Rollands Plains Recreation Reserve Land Management - Upgrade of site, including new yard and water supply work, for equestrian and Land Management events
- Wauchope Swimming Club - Portable PA system for events
- Wauchope Netball Club - Specialised coaching for volunteer coaches and players
- Wauchope Girl Guides - Solar lighting for camp shed
- Wauchope Little Athletics - BBQ and removable tables and chairs for Blackbutt Park
- Wauchope RSL Cricket Club - Replacement of flood damaged equipment
- Wauchope Lions Club - Large chest freezer and ice maker for Wauchope Showground facilities

## State and national awards

- Winners of IGA National Community Service Award
- Winners of IGA State Community Service Award
- National finalists in IGA National Meat Department of the Year Award
- Winners of IGA State Meat Department of the Year Award
- Finalists in IGA NSW Store of the Year Award (Sovereign Place IGA)
- Finalists in IGA NSW Customer Service Award (Wauchope IGA)
- Finalists in Excellence in Sustainability Award, 2022 Mid North Coast Regional Business Awards
- Finalists in Community Organisation Award, 2022 Mid North Coast Regional Business Awards
- Winners of Mitre 10 Most Improved Store Standards Awards
- Winners of Excellence in Sustainability Award, 2022 Wauchope and Hinterland Business Awards
- Winners of Excellence in Retail Award, 2022 Wauchope and Hinterland Business Awards
- Highly commended for Community Organisation Award, 2022 Wauchope and Hinterland Business Awards



# Giving back to the community

## Community sponsorship recipients

- Australians for Women's Health
- Bago Tavern Fundraiser
- Beechwood Pub Fundraiser
- Beechwood Public School
- Beechwood Shamrocks RLFC
- Billabong Zoo
- Braveheart Mid North Coast
- Bundaleer Village Committee
- Byabarra Tennis Club
- Charles Sturt University scholarships
- Climate Change Australia
- Comboyne Public School
- Comboyne Women's Bowling Club 50th Birthday
- Douglas Vale Historic Homestead & Vineyard
- Hastings Education Fund (HEF) scholarship
- Hastings Farm Gate Tours
- Hastings Valley Beekeepers Association NSW
- Hastings Secondary College
- Hastings Valley Motorcycle Club
- Hello Koalas @ Sovereign Hills IGA
- Herons Public School
- Huntingdon Public School
- Kendall Riding for the Disabled
- Lewis Land Development
- Lifeline Homeless Week
- Lions Club of Wauchope
- Lismore Floods
- Majestic Cinemas Suicide Prevention
- Mid North Coast Fishing and camping Show
- National Seniors Port Macquarie/Hastings Branch
- NSW Regional Business Awards
- Omnicare
- Pappinbarra Progress Association
- Port Macquarie 4WD Club
- Port Macquarie Cycle Club
- Port Macquarie Rotary Sunrise
- Port Macquarie Rotary West
- Rollands Plains Community Group
- Rollands Plains Upper Public School
- Rotary Lodge Port Macquarie
- St Joseph's Primary School, Wauchope
- Taking Point Surf Life Saving Club
- Telegraph Community Centre
- Telegraph Public School
- Tender Funerals Hastings Branch
- Timbertown Plunkett's chemist for Ovarian cancer fundraiser
- Tortuga Festival
- Port Macquarie Homelessness committee
- Port Macquarie Gymnastic Club
- Port Macquarie Sunrise Rotary
- Wauchope & Hinterland Business Awards
- 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 Hospital Volunteers
- Wauchope Jockey Club
- Wauchope Lady Golfers
- Wauchope Men's Bowling Club
- Wauchope Men's Golf Day
- Wauchope Men's Veterans Golf
- Wauchope Neighbourhood Centre Christmas Party Appeal
- Wauchope Netball Club
- Wauchope Patchwork Quilters
- Wauchope Physio Club
- Wauchope Primary Public School
- Wauchope Rotary Club
- Wauchope RSL Cricket Club
- Wauchope Show Society
- Wauchope Soccer Club
- Wauchope Veterans Women's Golf
- Wauchope Women's Thunders Rugby Club
- 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, 2022.

First name	Last name	Years of service
Patricia	MILLER	36
Matthew	WHITE	27
Kim	BARNES	26
Darren	PATRIDGE	25
Maxine	BYATT	24
Sarah	HUISMAN	24
Luke	MACKAY	24
Michael	SMITH	23
Gemma	BANNISTER	22
Andrew	QUIBELL	21
Craig	SWAIN	20
Lynn	RYAN	19
Dionne	ALLEN	18
Tania	ARENTSEN	18
Jarrod	EYLES	18
Emma	NICHOLSON	18
Kathryn	NOCKE	18
Allan	FARLEY	17
Mario	LENKIC	16
Lisa	ATTKINS	15
Kerrie	PEAD	15
Susan	SHAW	15
Coralie	HINDMARCH	14
Bradley	LEACH	14
Judith	STANDRING	14
Suzanne	AVERY	13
Leanne	COOK	13
Jodie	STALLEBRASS	13
Tracey	BLACKBURN	12
Jodee	BROWNLOW	12
Vicki	GRANT	12
Julie	HARGY	12
Alisan	HARRIS	12
Carol	LEACH	12
Kayla	ALLEN	11
Alfred	AZZOPARDI	11
Marion	ELFORD	11
Darren	PEAD	11
Lynda	MCCARTHY	11
Ben	TROMMELS	11
Timothy	WALKER	11
Darcy	CARNEY	10
Brittany	DORNAN	10
Richard	LUGG	10
Andrew	WILLOWS	10





# FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

ABN 86 601 035 121



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## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

Your Directors present their report on the Hastings Co-operative Limited (the Co-operative) for the financial year ended 30 June 2022.

### **Directors**

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

Gary Humphreys (Chairperson) [Elected 26 April 2022]

Lisa Intemann

Richard McGovern

Rodney Barnaby

Robert Preston

Jane Evans

David Johnson (Chairperson) [Resigned 31 March 2022]

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 \$113,859,000 for the current financial year as compared to \$103,623,000 the previous financial year. The loss of the Co-operative for the financial year after providing for income tax amounted to \$1,481,000 compared to a loss of \$153,000 in the previous financial year.

### **Dividends**

No dividend is recommended to be paid for the financial year ended 30 June 2022.

Shareholder reward vouchers issued for the financial year totalled \$255,380 and Co-op 100 Vouchers issued for the financial year totalled \$121,575.

### **Review of Operations**

The overall retail environment was extremely volatile over the course of 2021-22. The effects of the Covid 19, supply chain disruptions and reducing gross profit margins have had a significant impact on the overall operations of the Co-operative. Costs associated with the on going operations of the Sovereign Hills Supermarket and poor performance of the rural and hardware division have also impacted the final result.

### **Significant changes in State of Affairs**

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

### **Events after the Reporting Period**

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

### **Future Developments**

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



## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 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
Gary Humphreys (Chairperson from 26 April 2022 to 30 June 2022)	16	16	7	6
Lisa Intemann	16	15	4	3
Richard McGovern	16	16	4	4
Rodney Barnaby	16	15	5	5
Robert Preston	16	15	7	6
Jane Evans	16	16	7	7
David Johnson (Chairperson from 1 July 2021 to 31 March 2022)	12	11	4	4

### Information on Current Directors

#### 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.

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022**

### **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 recently stepped down after four and a half years as a Director 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 2022**

### **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 in public health services. Jane brings to the Board extensive experience in strategy and leadership, governance, project management, people and culture/industrial relations and operational performance. Jane previously held positions as Adjunct Senior Lecturer in Community Health at Charles Stuart University, Hasting Macleay Clinical Network Coordinator and General Manager of Port Macquarie Base Hospital and Project Manager for the Mid North Coast Local Health District Capital Works Infrastructure Projects. Following the successful merger and Acquisition of Bundaleer Care Services, Jane retired from that Board on the 4th July 2022. Jane is an active member of Rotary Club of Port Macquarie Sunrise and enjoys volunteering in the local community.

### **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.

**Gary Humphreys**  
Chairperson

**Dated: 25 October 2022**

**Lisa Intemann**  
Director

**PARTNERS**

Paul Fahey B Bus CA

Bart Lawler B Com CA

Patrick Brennan B Com CA

Alison McKinnon B Bus CA

## **AUDITOR'S INDEPENDENCE DECLARATION**

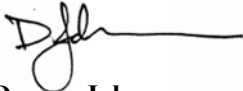
**Under Section 307C of the Corporations Act 2001**

**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 2022 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**  
**Registered Company Auditor**

**3/80 High Street**  
**Wauchope NSW 2446**

**Dated: 25 October 2022**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$'000	2021 \$'000
<b>PROFIT FROM CONTINUING OPERATIONS</b>			
Revenue from contracts with customers	2	110,186	100,029
Cost of sales	3	(90,882)	(81,416)
<b>Gross profit</b>		<b>19,304</b>	18,613
Other operating income	2	3,673	3,594
Bad and doubtful debts expense	3	(13)	(18)
Depreciation and amortisation expense	3	(2,581)	(2,728)
Employee benefits expense		(13,371)	(12,116)
Finance costs	3	(1,133)	(1,138)
Other expenses		(7,499)	(6,570)
<b>Profit / (loss) before income tax</b>		<b>(1,620)</b>	(363)
Income tax (expense) / benefit	4	139	210
<b>Profit / (loss) for the year</b>		<b>(1,481)</b>	(153)
<b>Profit / (loss) attributable to members of the Co-operative</b>		<b>(1,481)</b>	(153)
<b>Other comprehensive income</b>			
Revaluation of land and buildings	9	7,963	-
Total other comprehensive income for the year, net of tax		7,963	-
<b>Total comprehensive income for the year, net of tax</b>		<b>6,482</b>	(153)
<b>Total comprehensive income attributable to members of the Co-operative</b>		<b>6,482</b>	(153)



**BALANCE SHEET  
AS AT 30 JUNE 2022**

	Note	2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	102	99
Trade and other receivables	6	1,733	1,123
Inventories	7	6,886	6,720
Other assets	8	89	89
<b>Total current assets</b>		<b>8,810</b>	<b>8,031</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	29,688	22,711
Right-of-use assets	10	13,092	14,140
Intangible assets	11	594	627
Deferred tax assets	12	1,318	1,179
<b>Total non-current assets</b>		<b>44,692</b>	<b>38,657</b>
<b>Total assets</b>		<b>53,502</b>	<b>46,688</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	7,172	5,704
Interest-bearing loans and borrowings	14	8,358	2,005
Lease liabilities	15	1,395	1,465
Employee benefit obligations	16	1,326	1,359
Other liabilities	17	290	222
<b>Total current liabilities</b>		<b>18,541</b>	<b>10,755</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	14	2,940	9,699
Lease liabilities	15	13,880	14,531
Employee benefit obligations	16	306	267
Other liabilities	17	1,174	1,257
<b>Total non-current liabilities</b>		<b>18,300</b>	<b>25,754</b>
<b>Total liabilities</b>		<b>36,841</b>	<b>36,509</b>
<b>Net assets</b>		<b>16,661</b>	<b>10,179</b>
<b>EQUITY</b>			
Reserves	18	16,116	8,153
Retained earnings		545	2,026
<b>Total equity</b>		<b>16,661</b>	<b>10,179</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	<b>Retained earnings \$'000</b>	<b>Reserves \$'000</b>	<b>Total equity \$'000</b>
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)
<b>Balance at 30 June 2021</b>	<b>2,026</b>	<b>8,153</b>	<b>10,179</b>

Balance at 1 July 2021	<b>2,026</b>	<b>8,153</b>	<b>10,179</b>
Profit / (loss) for the year	<b>(1,481)</b>	<b>-</b>	<b>(1,481)</b>
Other comprehensive income	<b>-</b>	<b>7,963</b>	<b>7,963</b>
Total comprehensive income for the year	<b>(1,481)</b>	<b>7,963</b>	<b>6,482</b>
<b>Balance at 30 June 2022</b>	<b>545</b>	<b>16,116</b>	<b>16,661</b>

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		117,412	106,707
Payments to suppliers and employees		(118,038)	(106,777)
Other income		3,495	3,730
Interest received		8	5
Interest paid		(949)	(937)
Net cash inflow / (outflow) from operating activities	20	1,928	2,728
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(675)	(937)
Proceeds from sale of property, plant and equipment		179	204
Payments for intangible assets		-	(46)
Net cash inflow / (outflow) from investing activities		(496)	(779)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		198	661
Repayment of borrowings		(1,664)	(1,441)
Payment of principal portion of lease liabilities		(766)	(787)
Payments for shares bought back		(73)	(290)
Net cash inflow / (outflow) from financing activities		(2,305)	(1,857)
Net increase / (decrease) in cash and cash equivalents		(873)	92
Cash and cash equivalents at the beginning of the year		(177)	(269)
<b>Cash and cash equivalents at end of year</b>	5	<b>(1,050)</b>	<b>(177)</b>

## 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 25 October 2022.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### **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.

### **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.



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2 - REVENUE AND OTHER INCOME

2022      2021  
\$'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	74,948	70,532
Energy and Rural	33,547	27,266
Other	1,691	2,231
<b>Revenue from contracts with customers</b>	<b>110,186</b>	<b>100,029</b>

#### Other Income

Interest received	8	5
Rent received	80	78
Rebates, commissions and other revenue	3,535	3,461
Gain on disposal of non-current assets	50	50
	<b>3,673</b>	<b>3,594</b>
<b>Total revenue and other income</b>	<b>113,859</b>	<b>103,623</b>

### 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	91,047	81,970
Change in inventories	(165)	(554)
	<b>90,882</b>	<b>81,416</b>

#### Finance costs

Interest on borrowings	444	467
Interest on lease liabilities	689	671
	<b>1,133</b>	<b>1,138</b>

## NOTES TO THE FINANCIAL STATEMENTS

<b>Depreciation and amortisation</b>	<b>2022</b>	<b>2021</b>
<b>Depreciation</b>	<b>\$'000</b>	<b>\$'000</b>
Buildings and improvements	230	231
Plant and equipment	1,225	1,248
	<b>1,455</b>	<b>1,479</b>
<b>Amortisation</b>		
Computer software and other intangible assets	33	34
Right-of-use assets	1,093	1,215
	<b>1,126</b>	<b>1,249</b>
	<b>2,581</b>	<b>2,728</b>
<b>Bad and doubtful debts</b>	<b>13</b>	<b>18</b>
<b>Loss on disposal of non-current assets</b>	<b>77</b>	<b>3</b>

### 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	(139)	(210)
Income tax expense / (benefit)	<b>(139)</b>	<b>(210)</b>

#### Reconciliation of tax expense / (benefit)

Accounting profit / (loss) before tax from continuing operations	(1,620)	(363)
At Co-operative's statutory income tax rate of 30% (2021: 30%)	(486)	(109)
Non-deductible expenses for tax purposes	2	2
Movement in deferred tax liabilities not accounted for	(40)	(230)
Current year tax losses not recognised	385	127
Utilisation of previously unrecognised tax losses	-	-
Income tax expense / (benefit)	<b>(139)</b>	<b>(210)</b>

### 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	2022 \$'000	2021 \$'000
<b>NOTE 5 - CASH AND CASH EQUIVALENTS</b>			
Cash on hand		<b>102</b>	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		<b>102</b>	99
Bank overdraft	14	<b>(1,152)</b>	(276)
		<b>(1,050)</b>	(177)

## 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

	2022	2021
	\$'000	\$'000
<b>NOTE 6 - TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	1,505	1,059
Allowance for expected credit losses	(47)	(33)
	<b>1,458</b>	1,026
Other receivables	275	97
	<b>1,733</b>	1,123

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	1,452	897
30 to 60 days	13	74
61 to 90 days	13	34
More than 90 days	27	54
	<b>1,505</b>	1,059

### 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	6,886	6,720
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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	89
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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
<b>Year ended 30 June 2021</b>				
Opening net book amount	6,535	8,130	8,745	23,410
Additions	-	-	937	937
Disposals	-	-	(157)	(157)
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
<b>Year ended 30 June 2022</b>				
Opening net book amount	6,535	7,899	8,277	22,711
Additions	-	-	675	675
Disposals	-	(24)	(182)	(206)
Revaluation increments / (decrements)	5,173	2,790	-	7,963
Depreciation	-	(230)	(1,225)	(1,455)
Closing net book amount	11,708	10,435	7,545	29,688
Cost or fair value	11,708	10,435	16,764	38,907
Accumulated depreciation	-	-	(9,219)	(9,219)
Net book amount	11,708	10,435	7,545	29,688

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

	2022 \$'000	2021 \$'000
Cost	8,416	8,416
Accumulated depreciation	(2,097)	(1,927)
	6,319	6,489



## 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 10 - RIGHT-OF-USE ASSETS

	Buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000
<b>Year ended 30 June 2021</b>			
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	<u>13,984</u>	<u>156</u>	<u>14,140</u>
 Right-of-use asset	 16,784	 262	 17,046
Accumulated depreciation	(2,800)	(106)	(2,906)
Net book amount	<u>13,984</u>	<u>156</u>	<u>14,140</u>
 <b>Year ended 30 June 2022</b>			
Opening net book amount	13,984	156	14,140
New lease commencements	-	-	-
Remeasurement of lease liabilities	67	(22)	45
Depreciation	(1,049)	(44)	(1,093)
Closing net book amount	<u>13,002</u>	<u>90</u>	<u>13,092</u>
 Right-of-use asset	 16,500	 222	 16,722
Accumulated depreciation	(3,498)	(132)	(3,630)
Net book amount	<u>13,002</u>	<u>90</u>	<u>13,092</u>

### 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 11 - INTANGIBLE ASSETS

	Goodwill	Computer software	Other intangible assets	Total
	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2021</b>				
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
<b>Year ended 30 June 2022</b>				
Opening net book amount	498	92	37	627
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation	-	(31)	(2)	(33)
Closing net book amount	498	61	35	594
Cost or fair value	498	279	41	818
Accumulated depreciation	-	(218)	(6)	(224)
Net book amount	498	61	35	594

### 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 4.08% (2021: 4.11%);
- 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 12 - DEFERRED TAX ASSETS

	2022	2021
	\$'000	\$'000
Opening balance as at 1 July	1,179	969
Tax expense during the period recognised in profit or loss	139	210
<b>Closing balance as at 30 June</b>	<b>1,318</b>	<b>1,179</b>
Deferred tax relates to the following:		
Provisions	519	513
Allowance for expected credit losses	14	10
Lease liabilities and right-of-use assets	655	557
Other	130	99
	<b>1,318</b>	<b>1,179</b>

## NOTES TO THE FINANCIAL STATEMENTS

	Note	2022 \$'000	2021 \$'000
<b>NOTE 13 - TRADE AND OTHER PAYABLES</b>			
Trade payables		6,562	5,161
Other payables and accrued expenses		610	543
		<b>7,172</b>	<b>5,704</b>

### 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 14 - INTEREST-BEARING LOANS AND BORROWINGS

Bank overdraft		1,152	276
Bank loan		6,210	6,825
Equipment loans		3,936	4,603
		<b>11,298</b>	<b>11,704</b>
<b>Current</b>		<b>8,358</b>	<b>2,005</b>
<b>Non-current</b>		<b>2,940</b>	<b>9,699</b>
		<b>11,298</b>	<b>11,704</b>

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

Existing loan facilities are due for renewal December 2022 and the Co-operative is working with the relevant financial institutions to rollover the facilities, ensuring that balances will return to non-current.

### Borrowing facilities

Total facilities available		11,736	12,403
Facilities used		(11,298)	(11,704)
Unused facilities		438	699

### 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	9	22,143	14,434
Plant and equipment	9	7,545	8,277
		<b>29,688</b>	<b>22,711</b>

### Financial assets pledged as security

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

Cash and cash equivalents	5	102	99
Trade and other receivables	6	1,733	1,123
		<b>1,835</b>	<b>1,222</b>

### 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 15 - LEASE LIABILITIES

	2022 \$'000	2021 \$'000
Opening balance as at 1 July	15,996	14,852
Additions	-	2,943
Accretion of interest	690	671
Remeasurement of lease liabilities	45	(1,012)
Lease payments	(1,456)	(1,458)
<b>Closing balance as at 30 June</b>	<b>15,275</b>	<b>15,996</b>
<b>Current</b>	<b>1,395</b>	<b>1,465</b>
<b>Non-current</b>	<b>13,880</b>	<b>14,531</b>
	<b>15,275</b>	<b>15,996</b>

The following are the amounts recognised in profit or loss:

Interest expense on lease liabilities	690	671
Expenses relating to leases of low-value assets (included in other expenses)	76	74
<b>Total amount recognised in profit or loss</b>	<b>766</b>	<b>745</b>

### 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

	2022	2021
	\$'000	\$'000
<b>NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS</b>		
Provisions	<b>1,632</b>	1,626
<b>Current</b>	<b>1,326</b>	1,359
<b>Non-current</b>	<b>306</b>	267
	<b>1,632</b>	1,626
<b>Movement in provisions</b>		
Opening balance as at 1 July	<b>1,626</b>	1,435
Additional provisions recognised	<b>6</b>	191
<b>Closing balance as at 30 June</b>	<b>1,632</b>	1,626

### 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 17 - OTHER LIABILITIES

#### Current

Income in advance	<b>290</b>	222
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#### Non-current

Fully paid ordinary shares	<b>1,174</b>	1,257
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#### Movement in fully paid ordinary shares

Opening balance as at 1 July	<b>1,257</b>	1,549
Shares bought back	<b>(73)</b>	(290)
Shares forfeited	<b>(13)</b>	(5)
Reinstated shares that were previously forfeited	<b>3</b>	3
<b>Closing balance as at 30 June</b>	<b>1,174</b>	1,257

### 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

	2022	2021
	\$'000	\$'000
<b>NOTE 18 - RESERVES</b>		
Asset revaluation reserve	<b>16,116</b>	8,153

### ACCOUNTING POLICY

#### Asset revaluation reserve

The asset revaluation reserve records revaluations of land and buildings.

### NOTE 19 - 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 20 - CASH FLOW INFORMATION

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

Profit / (loss) after income tax	(1,481)	(153)
Adjustments for:		
Depreciation and amortisation expense	2,581	2,728
Net (gain) / loss on sale of non-current assets	27	(47)
Movement in allowance for expected credit losses	14	16
Interest on equipment loans	184	202
Shares (forfeited) / reinstated	(10)	(2)
(Increase) / decrease in:		
Trade and other receivables	(624)	(70)
Inventories	(166)	(541)
Prepayments	-	5
Deferred tax assets	(139)	(210)
Increase / (decrease) in:		
Trade and other payables	1,468	563
Provisions	6	191
Income in advance	68	46
Cash flow from operations	<b>1,928</b>	2,728

### 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 21 - 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
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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 22 - 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 23 - 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:

Gary Humphreys	(Chairperson)
Lisa Intemann	
Richard McGovern	
Rodney Barnaby	
Robert Preston	
Jane Evans	
David Johnson	(Chairperson) [Resigned 31 March 2022]

#### 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
Andrew Edwards	Business Unit Manager
Kristie Hinds	Business Unit Manager
Matthew Field	Business Unit Manager
Angela Collins	Business Unit Manager

## NOTES TO THE FINANCIAL STATEMENTS

	2022	2021
	\$	\$
<b>KMP Compensation</b>		
Short-term employee benefits	1,300,064	1,163,850
Post-employment benefits	125,804	108,322
Other long-term benefits	27,249	14,205
	<b>1,453,117</b>	<b>1,286,377</b>

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.

#### *Purchases from KMP*

During the year ended 30 June 2022 amounts totalling \$3,575 (2021: \$0) were paid to GC Humphreys Consulting Pty Ltd, a director-related entity of Director Gary Humphries. The amount paid related to strategic planning professional services to the Co-operative.

#### **Shares held and acquired by KMP**

	Number	Number
Aggregate number of shares held	477	268
Aggregate number of shares acquired	219	20

### NOTE 24 - 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	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>2022</b>				
Cash and cash equivalents	102	-	-	102
Other investments	-	-	-	-
Trade and other receivables	1,780	-	-	1,780
Bank overdraft	(1,152)	-	-	(1,152)
Bank loan	(6,210)	-	-	(6,210)
Equipment loans	(995)	(2,941)	-	(3,936)
Lease liabilities	(1,423)	(4,167)	(9,685)	(15,275)
Trade and other payables	(7,172)	-	-	(7,172)
Fully paid ordinary shares	-	(1,174)	-	(1,174)
<b>Net inflows / (outflows)</b>	<b>(15,070)</b>	<b>(8,282)</b>	<b>(9,685)</b>	<b>(33,037)</b>
<b>2021</b>				
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)
<b>Net inflows / (outflows)</b>	<b>(7,949)</b>	<b>(16,485)</b>	<b>(8,972)</b>	<b>(33,406)</b>

### 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		Equity	
Judgements of reasonably possible movements	Higher / (lower)		Higher / (lower)	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
+1.0% (100 basis points)	(57)	(43)	(57)	(43)
-1.0% (100 basis points)	57	43	57	43

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 25 - FAIR VALUE MEASUREMENT

#### Hierarchy

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

2022	Fair value measurement using			Total \$'000
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	\$'000	\$'000	\$'000	
<b><i>Revalued property, plant and equipment</i></b>				
Land and buildings	-	22,143	-	22,143
<b><i>Liabilities for which fair values are disclosed</i></b>				
Bank loans	-	6,210	-	6,210
Equipment loans	-	3,936	-	3,936

There were no transfers between Levels 1, 2 or 3 during 2022.

2021				
<b><i>Revalued property, plant and equipment</i></b>				
Land and buildings	-	14,434	-	14,434
<b><i>Liabilities for which fair values are disclosed</i></b>				
Bank loans	-	6,825	-	6,825
Equipment loans	-	4,603	-	4,603

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

### 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 26 - AUDITOR'S REMUNERATION

	2022	2021
The auditor of the Co-operative is NorthCorp Accountants. Fees paid:	\$	\$
Audit of the statutory financial report	<b>58,900</b>	58,900
Internal audit services	<b>60,000</b>	60,000
Tax compliance	<b>13,385</b>	3,500
Other assurance and agreed-upon procedures services	<b>19,900</b>	1,900
	<b>152,185</b>	124,300

## 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 2022 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 2022 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



**Gary Humphreys**  
Chairperson



**Lisa Intemann**  
Director

**Dated: 25 October 2022**



**PARTNERS**

Paul Fahey B Bus CA

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 (the Co-operative), which comprises the Balance Sheet as at 30 June 2022, 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 2022 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 2022, 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.

**PARTNERS**

Paul Fahey B Bus CA

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**

#### **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.

**PARTNERS**

Paul Fahey B Bus CA

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**

#### **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**  
**Registered Company Auditor**

**3/80 High Street**  
**Wauchope NSW 2446**

**Dated: 25 October 2022**

# Notes

 *National Community Service Award winners*

# Hastings Co-op family





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