



**Hastings Co-op**

ANNUAL REPORT 2022-23





# 2022-23 Highlights

## Owned by the people, for the people

- Welcomed new Chief Executive Officer Nick de Groot in May 2023
- Winners of 2023 National IGA Large Meat Department of the Year Award
- 15% increase in Co-op 100 members, from 11,494 in 2021-22 to 13,185 in 2022-23
- \$250,140 returned in rewards vouchers to 3,733 active Shareholder members
- \$135,255 returned in rewards vouchers to 13,185 Co-op 100 members
- Donated \$12,000 in Community Chest grants to 13 community groups
- Employed more than 300 locals
- Sponsored 63 sporting clubs, schools, local community groups, charities and events
- Gained safety certification ISO 45001:2018 Occupational Health and Safety Management Systems - Accredited 2023-2024
- Continuing to reduce our environmental footprint through solar panels, reducing plastic packaging, offering battery recycling units for customers, partnering with OzHarvest and Billabong Zoo to donate food, nuts and dried fruit and researching new ways to care for our environment

	2016 \$m	2017 \$m	2018 \$m	2019 \$m	2020 \$m	2021 \$m	2022 \$m	2023 \$m
<b>Total revenue</b>	75.7	81.4	86.1	90.8	96.0	103.6	113.9	110.1
<b>Total expenses</b>	74.5	80.2	85.2	89.6	96.3	104.0	115.5	111.9
<b>Net profit / (loss) before tax</b>	1.2	1.2	0.9	1.2	(0.3)	(0.4)	(1.6)	(1.8)
<b>Net profit / (loss) after tax</b>	1.3	1.2	0.9	1.3	0.1	(0.2)	(1.5)	(1.8)
<b>Gain / (loss) on revaluation</b>					2.8	0.0	8	
<b>Total comprehensive income</b>	1.3	1.2	0.9	1.3	2.9	(0.2)	6.5	(1.8)
<b>Total assets</b>	21.2	21.7	22.9	31.3	45.8	46.7	53.5	48.6
<b>Total liabilities</b>	16.9	16.2	16.5	24.2	35.5	36.5	36.8	33.8
<b>Equity</b>	4.3	5.5	6.4	7.1	10.3	10.2	16.7	14.8
<b>Member shares</b>	2.4	2.2	1.9	1.7	1.5	1.3	1.2	1.1

**Performance at a glance for the year ending June 30, 2023**

# Annual General Meeting 2023

Notice is hereby given that the 107th Annual General Meeting of the Hastings Co-operative Limited will be held on Tuesday, November 21, 2023 at Wauchope Country Club, 24 King Street, Wauchope, commencing at 9.30am.  
Business of the 2023 Annual General Meeting

- 1. Welcome and apologies**
- 2. Acknowledgement of country**
- 3. Co-operative prayer**
- 4. Receipt and noting of minutes**
- 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. Receipt and adoption of the following for the year ending June 30, 2023**
  - a. Directors' report and Directors' declaration
  - b. Annual financial statements
  - c. Independent auditors' report
- 10. Questions from members – with notice**
- 11. Directors' remuneration**
- 12. Appointment of External Auditors**
- 13. Declaration of the result of any director election**

**Nick de Groot**  
**Co-operative Secretary**

October 25, 2023

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# Chair's report

The 2022-23 financial year has been an incredibly tumultuous and challenging year for the Co-op.

The sad passing of our outgoing CEO, Allan Gordon, came as an incredible shock to us all. It is hard to overstate the impact that this loss had on our team and on the wider community. Naturally Allan's life has been celebrated, so there is little more to say, other than to again recognise his incredible love of, and dedication to, the Co-op and his contribution over a long period of time.

After an extensive recruitment process, in May 2023 Nick de Groot commenced as our new CEO, having been appointed a Director in November 2022. Nick brings a diverse set of skills and experiences and a strong financial and governance background and has hit the ground running.

In my report last year, I flagged the significant challenges facing the Co-op after a number of years of losses and pointed to the need for a review of our strategic direction, with some difficult decisions required to ensure that the Co-op continued to grow and remain competitive.

In the intervening 12 months since that report economic conditions have worsened considerably, with successive interest rates increases and historically high inflation putting extraordinary pressure on the financial wellbeing of our members and customers. The impact of this has been felt across all our business operations and most acutely at Sovereign Place IGA + Liquor, which has not seen the anticipated sales growth since opening in 2019.

As we are committed to a lease on this business until 2029 we are faced with ongoing adverse financial and cashflow impacts from this business, which places significant financial pressure on the entire Co-op.

The Board and management are pursuing every possible option for Sovereign Place IGA + Liquor to reduce the impact on the Co-op.

Moving forward, significant capital investment requirements are a critical issue for the Board to address. Put simply, significant investment is required for ongoing operations to remain competitive, operate efficiently and provide members with an excellent shopping experience. We therefore must complete a critical review of our assets and under-performing business units to release the capital required to fund our ongoing operations and reinvest in our businesses to ensure our continued sustainability.

While these decisions are never easy, the Board is absolutely committed to making the right decisions in the best interest of our members, to provide an efficient and rewarding workplace for our employees and to ensure the Co-op remains a strong and viable business.

The Co-op has many strengths – community focus, strong brand, excellent employees and a loyal customer base, just to name a few. We need to leverage these strengths as we reform our business and set it up for future success.

I would like to thank our dedicated and hardworking staff and Board. They have shown incredible resilience this year and consistently do their best in demanding circumstances. I would also like to thank departing Directors Lisa Intemann and Jane Evans for their contributions. I would particularly like to acknowledge and thank Director Interman for her 10 years of dedicated service on the Board and the significant contribution she has made to the local community.

Finally, I would like to thank you, our members, for your continued loyalty to and support of, the Co-op. We remain focused on supporting our community in these hard economic times, and this is only possible through your continued patronage of the Co-op's businesses.

**Gary Humphreys**  
**Chair**

# Chief Executive Officer's report

I am now into my sixth month leading your Co-op. It has been a rollercoaster, trying to fill the enormous shoes Allan Gordon left behind. While there have been some major challenges and difficult decisions, I have been buoyed by the incredible team that I work with, by the support of our Board and by the well wishes of many members who have talked to me, sharing their concerns and observations since I started as CEO.

Our supermarket and liquor businesses continue to perform well, in challenging times, with only Sovereign Place IGA + Liquor still failing to achieve profitable operations. It is a beautiful store with great potential and willing and hardworking staff, but economic conditions have played against the Co-op, and we must continue to find ways to improve its performance.

There is much room for improvement in the performance of the other supermarkets. The competition from the majors has forced us to sacrifice margin to maintain our sales volumes. While we would prefer to maintain our focus on customer service, supporting local suppliers and the community, and offering a unique, value range of products, we can't ignore the needs of our members and customers and continue to work hard to keep our prices down wherever possible.

Our Energy Division continues to achieve good volumes and revenue, but we took a hit when we were unable to reach terms on the lease on Lasiandra Service Station and were forced to close.

We are now looking to rationalise our offering in retail fuel, especially as the Wauchope market becomes saturated with new providers, mostly competing on price rather than service, and invest in our bulk fuel and oil sales.

Our farm supply and hardware businesses were in decline for much of the year, but I am excited by the efforts of the team recently, to return to our principles of a great range of stock and friendly, knowledgeable service. We have recently seen the return of some popular former staff and the introduction of some excellent new talent to compliment the quality of our team, and I feel very confident we can make significant improvements in the new financial year. We can only hope there is good rain over summer to help our valued customers.

As always, the range and presentation of stock in the Department Store is a highlight of the Wauchope shopping experience and continues to attract shoppers from Port Macquarie and beyond. Christmas promises to be big once again this year, with new and interesting suppliers being added to our offering. However, we can't ignore the online fashion trend and the fact that large department store offerings are no longer competitive.

Over the next few years, we will explore options to develop the Department Store site in a way that will truly enhance the Wauchope CBD, make Wauchope a shopping destination and bring value and return to our members.

And finally, our car hire business, Enterprise Rent A Car, which was significantly impacted by lockdowns during Covid, is repaying the faith shown in the business when the original decision to acquire the franchise was made. Demand is very strong, and utilisation rates are high.

Unfortunately, it is likely that we will continue to face very difficult economic circumstances, which will put pressure on our businesses and on our cashflow. The worst pain of the interest rates rises may remain to be felt.

We will continue to focus on protecting our members' interests and achieving financial sustainability so that we can give back to the community and provide a great working environment for our staff.

More difficult decisions will almost certainly need to be made, but we are committed to always acting in the best interests of members, customers and staff and I will always communicate as much as I can.



# Chief Executive Officer's report

I want to thank staff and the Board for their support, and for making my introduction to the Co-op business as positive and exciting as it has been. I look forward to meeting as many members as possible over the next 12 months.

**Nick de Groot**

**Chief Executive Officer**

# Giving back to the community

Our 'locals supporting locals' philosophy encompasses everything from job opportunities and showcasing local producers in our stores to supporting community groups, schools, supporting clubs and charities. Other stand-out examples include: a generous member reward program; defibrillators in 10 stores; business partnerships to help the region's economy thrive and; offering space for fundraising BBQs and raffles.

There's not many local clubs, schools or charities across the Hastings and Camden Haven that wouldn't have benefitted from our extensive sponsorship program over the years. Giving back is what we do.

Hastings Co-op is privileged to be an integral part of the local community and really do consider our staff, members and suppliers as family.

Celebrating state and national awards was a highlight of the year, however, the honours belong to our dedicated staff, who truly go above and beyond.

## Business awards

- 2023 NSW/ACT IGA Community Service Award
- 2023 National IGA Large Meat Department of the Year Award (Sovereign Place IGA + Liquor)
- 2023 NSW/ACT IGA Large Meat Department of the Year Award (Sovereign Place IGA + Liquor)
- Excellence in Sustainability Award, 2023 Wauchope and Hinterland Business Awards
- Excellence in Large Business Award, 2023 Wauchope and Hinterland Business Awards
- Excellence in Retail (>11 employees) Award, 2023 Wauchope and Hinterland Business Awards
- Outstanding Community Organisation Award, 2023 Wauchope and Hinterland Business Awards
- Wayne Jackson Outstanding Community Service Award, 2023 Greater Port Macquarie Awards
- Retail Business (>6 employees) Award, 2023 Greater Port Macquarie Awards

## Community Chest Grant recipients

Thirteen local community groups ticked vital equipment off their wish list thanks to a \$12,000 funding injection from our Community Chest Grants, including -

- Wauchope/Port Macquarie Riding for the Disabled, for extra-large horse saddles
- Tacking Point Surf Lifesaving Club, for two carbon nipper boards
- Wauchope Cricket Club, to replace cricket ground rolling equipment
- Wauchope Bonny Hills Surf Lifesaving Club, for CPR training mannequins
- Hastings Valley Motorcycle Club, for a new PA system
- Iona Netball Club, for new netball equipment
- Hastings Valley Amateur Beekeepers, to help fund a biosecurity awareness campaign and purchase materials to improve their apiary area
- Port Macquarie Arts and Crafts Centre, for woodwork dust extractors
- Wauchope Yesteryear Truck and Machinery Club, for a laptop and laser printer
- Wauchope Swimming Club, for a laptop and laser printer
- Wauchope Public School, for literary resources for their new curriculum
- Camden Haven Community Band, to help fund running costs and band arrangements
- Tender Funerals, to help fund grief packs to deal with loss.



# Giving back to the community

## Community groups we supported this year

Bago Tavern Christmas Toy raffle	St Joseph's Primary School, Wauchope
Beechwood Billycart Classic	St Joseph's Regional College
Beechwood Public School	Tacking Point Surf Life Saving Club
Beechwood Shamrocks RLFC	Telegraph Community Centre
Billabong Zoo	Telegraph Public School
Charles Sturt University scholarships	Tender Funerals Hastings Branch
Comboyne Community Centre	Wauchope and Hinterland Business Awards
Comboyne Public School	Wauchope Blues Junior Rugby League Football Club
Comboyne Show	Wauchope Bonny Hills Surf Life Saving Club
Comboyne Women's Bowling Club	Wauchope Bowling Club
Douglas Vale Historic Homestead & Vineyard	Wauchope District Memorial Hospital
Hastings Education Fund (HEF) scholarship	Wauchope High School
Hastings Farm Gate Tours	Wauchope Hospital Auxiliary
Hastings Secondary College	Wauchope Hospital Volunteers
Hastings Valley Beekeepers Association NSW	Wauchope Jockey Club
Hastings Valley Motorcycle Club	Wauchope Lady Golfers
Hello Koalas at Sovereign Place IGA	Wauchope Men's Bowling Club
Herons Public School	Wauchope Men's Golf Day
Huntingdon Public School	Wauchope Men's Veterans Golf
Kendall Riding for the Disabled	Wauchope Netball Club
Lewis Land Group Development	Wauchope Patchwork Quilters
Lifeline Homeless Week	Wauchope Primary Public School
Lions Club of Wauchope	Wauchope Rotary Club
Mid North Coast Fishing and Camping Show	Wauchope RSL Cricket Club
Mid North Coast Regional Business Awards	Wauchope Show Society
National Seniors Port Macquarie/Hastings Branch	Wauchope Veterans Women's Golf
Omnicare	Westpac Rescue Helicopter
Pappinbarra Progress Association	Yesteryear Truck and Machinery Show
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	

# Congratulations to long serving staff

Congratulations to the following staff who have been with the Co-op family for 10 years or more as at June 30, 2023.

Name	Years of service	Name	Years of service
MILLER, Patricia	37	ALLEN, Kayla	12
WHITE, Matthew	28	WALKER, Timothy	12
BARNES, Kim	27	TROMMELS, Ben	12
PARTRIDGE, Darren	26	MCCARTHY, Lynda	12
BYATT, Maxine	25	ELFORD, Marion	12
MACKAY, Luke	25	WILLOWS, Andrew	11
HUISMAN, Sarah	25	CARNEY, Darcy	11
SMITH, Michael	24	LUGG, Richard	11
QUIBELL, Andrew	22	ROGERS, Don	10
SWAIN, Craig	21	INTEMANN, Lisa	10
RYAN, Lynn	20	TITTLE, Wayne	10
NICHOLSON, Emma	19	LEECH, Kelly	10
NOCKE, Kathryn	19		
ARENTSEN, Tania	19		
EYLES, Jarrod	19		
ALLEN, Dionne	19		
FARLEY, Allan	18		
SHAW, Susan	16		
ATTKINS, Lisa	16		
PEAD, Kerrie	16		
STANDRING, Judith	15		
LEACH, Bradley	15		
HINDMARCH, Coralie	15		
COOK, Leanne	14		
STALLEBRASS, Jodie	14		
AVERY, Suzanne	14		
HARRIS, Alisan	13		
BLACKBURN, Tracey	13		
LEACH, Carol	13		
HARGY, Julie	13		
GRANT, Vicki	13		
BROWNLOW, Jodee-Ann	13		
AZZOPARDI, Alfred	12		
PEAD, Darren	12		



## Allan Gordon tribute

**A respected businessman, dedicated community leader and loyal friend.**

Leading Hastings Co-op for 10 years was much more than a job to Allan. He cared deeply for our business, its employees and the Hastings community.

His integrity, unrivalled work ethic and generous spirit left a mark on us all.





# FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

ABN 86 601 035 121



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## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023**

Your Directors present their report on the Hastings Co-operative Limited (the Co-operative) for the financial year ended 30 June 2023.

### **Directors**

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

Gary Humphreys	(Chairperson)
Lisa Intemann	
Rodney Barnaby	
Robert Preston	
Louise Clarke	Appointed 22 November 2022
Nick De Groot	Appointed 22 November 2022
Jane Evans	Resigned 30 June 2023
Richard McGovern	Resigned 22 November 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**

Nick De Groot was appointed Co-operative Secretary on 13 March 2023 and was appointed Chief Executive Officer of Hastings Co-operative Limited 8 May 2023.

### **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 and other income for the Co-operative was \$110,138,000 for the current financial year as compared to \$113,859,000 the previous financial year. The loss of the Co-operative for the financial year after providing for income tax amounted to \$1,845,000 compared to a loss of \$1,481,000 in the previous financial year.

### **Dividends**

No dividend is recommended to be paid for the financial year ended 30 June 2023.

Shareholder reward vouchers issued for the financial year totalled \$250,140 and Co-op 100 Vouchers issued for the financial year totalled \$135,255.

### **Review of Operations**

The overall retail environment was extremely volatile over the course of 2022-23. Costs associated with the ongoing operations of the Sovereign Place Supermarket and poor performance of the rural and hardware division have also impacted the final result.

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

On 16 April 2023 Hastings Co-op ceased operating the Lasiandra Service Station at the termination of the lease. There were no other significant changes in the state of affairs of the Co-operative during the financial year.

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

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

### **Future Developments**

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 2023

### 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

In addition to regular monthly meetings, the Board has three sub-committees currently active: the Audit, Compliance and Safety Committee, which maintains and oversees the integrity of the financial reporting and internal auditing and WHS functions, (Louise Clarke (Chair), Lisa Intemann and Robert Preston); the Governance and Risk Committee, which maintains and oversees the governance structures (Rod Barnaby (Chair), Louise Clarke and Lisa Intemann) and; the Nominations Committee, which oversees the appointment of Directors (Rod Barnaby (Chair) and two independent community members).

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)	18	17	5	5
Lisa Intemann	18	17	3	3
Richard McGovern	6	4	1	1
Rodney Barnaby	18	18	3	3
Robert Preston	18	18	3	4
Jane Evans	18	18	4	4
Louise Clarke (Appointed 22/11/2022)	12	12	2	3
Nick De Groot (Appointed 22/11/2022)	12	12	1	1



## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023**

### **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. 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), Mid North Coast Local Health District 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.

#### **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. Lisa is currently an elected Councillor for the Port Macquarie Hastings Council, and a past Deputy Mayor. 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. Lisa is a member of the Governance & Risk and Audit and Safety Committees.

#### **Rodney Barnaby**

Independent Non - Executive Director

Qualifications: BECiv (Honours), MBA, GAICD

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 Governance and Risk, and Nominations Committees. Rod recently stepped down after six years on the on the Board of Destination North Coast and four and a half years as a Director of Bundaleer Care Services, and was previously on the Board of Regional Development Australia, Mid North Coast.

#### **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 2023**

### **Louise Clarke**

Independent Non-Executive Director

Qualifications: Bachelor of Business GAICD

Louise operates a Beef Cattle Farm at Yarrowitch. Her background is over 30 years in Financial Services in Senior Leadership roles and is a qualified Executive Coach.

Louise is the Chair of Centacare NENW and is an NED of PN Bank and the NSW government Rural Assistance Authority.

Louise serves the local Walcha community as director of the Yarrowitch Hall Reserve and is a member of the Walcha Tourism Committee. Louise is the Chair of the Audit & Safety Committee and a member of the Governance & Risk Committee.

### **Nick de Groot**

Executive Director

Qualifications: Bachelor of Financial Administration (UNE), Grad. Diploma Applied Finance and Investment (SIA), CA

Nick is a Chartered Accountant with a diverse background across a broad range of industries, most recently working in senior roles in Transport, Energy and Health. Nick was the secretary of the Port Macquarie Chamber of Commerce from 2017 to 2020 and was on the board of Bundaleer Care Services, resigning in July 2022. Nick was appointed a Director of the Hastings Co-op on 22 November 2022 and as the Chief Executive Officer on 8 May 2023. Nick brings to the role experience in business management, governance and risk management.

### **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.

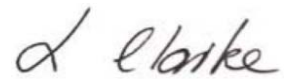
Shareholder members' support, and that of the community is appreciated, and remains a crucial factor for the success of the Co-operative.

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**



**Louise Clarke**  
**Director**

**Dated: 26 September 2023**

**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 2023 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: 26 September 2023**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$'000	2022 \$'000
<b>PROFIT FROM CONTINUING OPERATIONS</b>			
Revenue from contracts with customers	2	107,126	110,186
Cost of sales	3	(87,379)	(90,882)
<b>Gross profit</b>		<b>19,747</b>	19,304
Other operating income	2	3,012	3,673
Bad and doubtful debts expense	3	(10)	(13)
Depreciation and amortisation expense	3	(2,600)	(2,581)
Employee benefits expense		(13,007)	(13,371)
Finance costs	3	(1,274)	(1,133)
Other expenses		(7,652)	(7,499)
<b>Profit / (loss) before income tax</b>		<b>(1,784)</b>	(1,620)
Income tax (expense) / benefit	4	(61)	139
<b>Profit / (loss) for the year</b>		<b>(1,845)</b>	(1,481)
<b>Profit / (loss) attributable to members of the Co-operative</b>		<b>(1,845)</b>	(1,481)
<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>(1,845)</b>	6,482
<b>Total comprehensive income attributable to members of the Co-operative</b>		<b>(1,845)</b>	6,482



**BALANCE SHEET  
AS AT 30 JUNE 2023**

	Note	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	3,100	102
Trade and other receivables	6	1,137	1,733
Inventories	7	5,424	6,886
Other assets	8	64	89
<b>Total current assets</b>		<b>9,725</b>	<b>8,810</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	24,479	29,688
Right-of-use assets	10	12,538	13,092
Intangible assets	11	568	594
Deferred tax assets	12	1,257	1,318
<b>Total non-current assets</b>		<b>38,842</b>	<b>44,692</b>
<b>Total assets</b>		<b>48,567</b>	<b>53,502</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	5,871	7,172
Interest-bearing loans and borrowings	14	1,953	8,358
Lease liabilities	15	1,327	1,395
Employee benefit obligations	16	1,073	1,326
Other liabilities	17	123	290
<b>Total current liabilities</b>		<b>10,347</b>	<b>18,541</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	14	8,272	2,940
Lease liabilities	15	13,715	13,880
Employee benefit obligations	16	283	306
Other liabilities	17	1,134	1,174
<b>Total non-current liabilities</b>		<b>23,404</b>	<b>18,300</b>
<b>Total liabilities</b>		<b>33,751</b>	<b>36,841</b>
<b>Net assets</b>		<b>14,816</b>	<b>16,661</b>
<b>EQUITY</b>			
Reserves	18	12,098	16,116
Retained earnings		2,718	545
<b>Total equity</b>		<b>14,816</b>	<b>16,661</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

	Retained earnings \$'000	Reserves \$'000	Total equity \$'000
Balance at 1 July 2021	2,026	8,153	10,179
Profit / (loss) for the year	(1,481)	-	(1,481)
Other comprehensive income	-	7,963	7,963
Total comprehensive income for the year	(1,481)	7,963	6,482
<b>Balance at 30 June 2022</b>	<b>545</b>	<b>16,116</b>	<b>16,661</b>

Balance at 1 July 2022	545	16,116	16,661
Profit / (loss) for the year	(1,845)	-	(1,845)
Other comprehensive income	-	-	-
Total comprehensive income for the year	(1,845)	-	(1,845)
Other			
Transfer surplus from reserves to retained earnings on disposal of property, plant and equipment	4,018	(4,018)	-
<b>Balance at 30 June 2023</b>	<b>2,718</b>	<b>12,098</b>	<b>14,816</b>

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2023**

		<b>2023</b>	2022
	Note	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		<b>115,097</b>	117,412
Payments to suppliers and employees		<b>(115,582)</b>	(118,038)
Other income		<b>2,866</b>	3,495
Interest received		<b>60</b>	8
Interest paid		<b>(1,274)</b>	(949)
Net cash inflow / (outflow) from operating activities	20	<b>1,167</b>	1,928
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		<b>(309)</b>	(675)
Proceeds from sale of property, plant and equipment		<b>4,033</b>	179
Payments for intangible assets		<b>-</b>	-
Net cash inflow / (outflow) from investing activities		<b>3,724</b>	(496)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		<b>-</b>	198
Repayment of borrowings		<b>(815)</b>	(1,664)
Payment of principal portion of lease liabilities		<b>(787)</b>	(766)
Payments for shares bought back		<b>(33)</b>	(73)
Net cash inflow / (outflow) from financing activities		<b>(1,635)</b>	(2,305)
Net increase / (decrease) in cash and cash equivalents		<b>3,256</b>	(873)
Cash and cash equivalents at the beginning of the year		<b>(1,050)</b>	(177)
<b>Cash and cash equivalents at end of year</b>	5	<b>2,206</b>	(1,050)

## 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 26 September 2023.

#### 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 substantive 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.

### **New and Amended Accounting Standards Adopted by the Co-operative**

The Co-operative has adopted AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current. This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the substantive right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2 - REVENUE AND OTHER INCOME

**2023**      2022  
**\$'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	<b>71,074</b>	74,948
Energy and Rural	<b>34,538</b>	33,547
Other	<b>1,514</b>	1,691
<b>Revenue from contracts with customers</b>	<b>107,126</b>	110,186

#### Other Income

Interest received	<b>60</b>	8
Rent received	<b>39</b>	80
Rebates, commissions and other revenue	<b>2,893</b>	3,535
Gain on disposal of non-current assets	<b>20</b>	50
	<b>3,012</b>	3,673
<b>Total revenue and other income</b>	<b>110,138</b>	113,859

### 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	<b>85,918</b>	91,047
Change in inventories	<b>1,461</b>	(165)
	<b>87,379</b>	90,882

#### Finance costs

Interest on borrowings	<b>593</b>	444
Interest on lease liabilities	<b>681</b>	689
	<b>1,274</b>	1,133

## NOTES TO THE FINANCIAL STATEMENTS

<b>Depreciation and amortisation</b>	<b>2023</b>	<b>2022</b>
<b>Depreciation</b>	<b>\$'000</b>	<b>\$'000</b>
Buildings and improvements	262	230
Plant and equipment	1,204	1,225
	<b>1,466</b>	<b>1,455</b>
<b>Amortisation</b>		
Computer software and other intangible assets	26	33
Right-of-use assets	1,108	1,093
	<b>1,134</b>	<b>1,126</b>
	<b>2,600</b>	<b>2,581</b>
<b>Bad and doubtful debts</b>	<b>10</b>	<b>13</b>
<b>Loss on disposal of non-current assets</b>	<b>39</b>	<b>77</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	61	(139)
Income tax expense / (benefit)	<b>61</b>	<b>(139)</b>

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

Accounting profit / (loss) before tax from continuing operations	(1,784)	(1,620)
At Co-operative's statutory income tax rate of 30% (2022: 30%)	(535)	(486)
Non-deductible expenses for tax purposes	58	2
Movement in deferred tax liabilities not accounted for	587	(40)
Current year tax losses not recognised	-	385
Utilisation of previously unrecognised tax losses	(49)	-
Income tax expense / (benefit)	<b>61</b>	<b>(139)</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	2023 \$'000	2022 \$'000
<b>NOTE 5 - CASH AND CASH EQUIVALENTS</b>			
Cash at bank and on hand		<b>3,100</b>	102

### 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>3,100</b>	102
Bank overdraft	14	<b>(894)</b>	(1,152)
		<b>2,206</b>	(1,050)

## 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

	2023	2022
	\$'000	\$'000
<b>NOTE 6 - TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	988	1,505
Allowance for expected credit losses	(58)	(47)
	930	1,458
Other receivables	207	275
	1,137	1,733

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	827	1,452
30 to 60 days	72	13
61 to 90 days	13	13
More than 90 days	76	27
	988	1,505

### 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	5,424	6,886
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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	64	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 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
<b>Year ended 30 June 2023</b>				
Opening net book amount	11,708	10,435	7,545	29,688
Additions	-	-	309	309
Disposals	(4,000)	-	(52)	(4,052)
Revaluation increments / (decrements)	-	-	-	-
Depreciation	-	(262)	(1,204)	(1,466)
Closing net book amount	7,708	10,173	6,598	24,479
Cost or fair value	7,708	10,435	16,993	35,136
Accumulated depreciation	-	(262)	(10,395)	(10,657)
Net book amount	7,708	10,173	6,598	24,479

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

	2023 \$'000	2022 \$'000
Cost	8,363	8,416
Accumulated depreciation	(2,213)	(2,097)
	6,150	6,319

## 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 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>
 <b>Year ended 30 June 2023</b>			
Opening net book amount	13,002	90	13,092
New lease commencements	-	-	-
Remeasurement of lease liabilities	554	-	554
Depreciation	(1,063)	(45)	(1,108)
Closing net book amount	<u>12,493</u>	<u>45</u>	<u>12,538</u>
 Right-of-use asset	 16,629	 222	 16,851
Accumulated depreciation	(4,136)	(177)	(4,313)
Net book amount	<u>12,493</u>	<u>45</u>	<u>12,538</u>

### Terms and conditions of leases

#### Buildings

The Co-operative leases its corporate office and 8 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 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
<b>Year ended 30 June 2023</b>				
Opening net book amount	498	61	35	594
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation	-	(25)	(1)	(26)
Closing net book amount	498	36	34	568
Cost or fair value	498	279	42	819
Accumulated depreciation	-	(243)	(8)	(251)
Net book amount	498	36	34	568

### 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 7.49% (2022: 4.08%);
- 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

Opening balance as at 1 July

Tax expense during the period recognised in profit or loss

**Closing balance as at 30 June**

Deferred tax relates to the following:

Provisions

Allowance for expected credit losses

Lease liabilities and right-of-use assets

Other

	2023	2022
	\$'000	\$'000
Opening balance as at 1 July	1,318	969
Tax expense during the period recognised in profit or loss	(61)	349
<b>Closing balance as at 30 June</b>	<b>1,257</b>	<b>1,318</b>
Deferred tax relates to the following:		
Provisions	434	519
Allowance for expected credit losses	17	14
Lease liabilities and right-of-use assets	751	655
Other	55	130
	<b>1,257</b>	<b>1,318</b>



## NOTES TO THE FINANCIAL STATEMENTS

	Note	2023 \$'000	2022 \$'000
<b>NOTE 13 - TRADE AND OTHER PAYABLES</b>			
Trade payables		5,549	6,562
Other payables and accrued expenses		322	610
		<b>5,871</b>	<b>7,172</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		894	1,152
Bank loan		6,049	6,210
Equipment loans		3,282	3,936
		<b>10,225</b>	<b>11,298</b>
<b>Current</b>		<b>1,953</b>	8,358
<b>Non-current</b>		<b>8,272</b>	2,940
		<b>10,225</b>	<b>11,298</b>

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

### Borrowing facilities

Total facilities available		10,907	11,736
Facilities used		(10,225)	(11,298)
Unused facilities		682	438

### 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	17,881	22,143
Plant and equipment	9	6,598	7,545
		<b>24,479</b>	<b>29,688</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	3,100	102
Trade and other receivables	6	1,137	1,733
		<b>4,237</b>	<b>1,835</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

	2023 \$'000	2022 \$'000
Opening balance as at 1 July	15,275	15,996
Additions	-	-
Accretion of interest	681	689
Remeasurement of lease liabilities	478	46
Lease payments	(1,392)	(1,456)
<b>Closing balance as at 30 June</b>	<b>15,042</b>	<b>15,275</b>
<b>Current</b>	<b>1,327</b>	<b>1,395</b>
<b>Non-current</b>	<b>13,715</b>	<b>13,880</b>
	<b>15,042</b>	<b>15,275</b>

The following are the amounts recognised in profit or loss:

Interest expense on lease liabilities	681	689
Expenses relating to leases of low-value assets (included in other expenses)	123	76
<b>Total amount recognised in profit or loss</b>	<b>804</b>	<b>765</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

	2023	2022
	\$'000	\$'000
<b>NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS</b>		
Provisions	<b>1,356</b>	1,632
<b>Current</b>	<b>1,073</b>	1,326
<b>Non-current</b>	<b>283</b>	306
	<b>1,356</b>	1,632
<b>Movement in provisions</b>		
Opening balance as at 1 July	<b>1,632</b>	1,626
Additional provisions recognised	<b>(276)</b>	6
<b>Closing balance as at 30 June</b>	<b>1,356</b>	1,632

### 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>123</b>	290
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#### Non-current

Fully paid ordinary shares	<b>1,134</b>	1,174
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#### Movement in fully paid ordinary shares

Opening balance as at 1 July	<b>1,174</b>	1,257
Shares bought back	<b>(33)</b>	(73)
Shares forfeited	<b>(9)</b>	(13)
Reinstated shares that were previously forfeited	<b>2</b>	3
<b>Closing balance as at 30 June</b>	<b>1,134</b>	1,174

### 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

	2023	2022
	\$'000	\$'000
<b>NOTE 18 - RESERVES</b>		
Asset revaluation reserve	<b>12,098</b>	16,116

### 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	<b>(1,845)</b>	(1,481)
Adjustments for:		
Depreciation and amortisation expense	<b>2,600</b>	2,581
Net (gain) / loss on sale of non-current assets	<b>19</b>	27
Movement in allowance for expected credit losses	<b>11</b>	14
Interest on equipment loans	<b>-</b>	184
Shares (forfeited) / reinstated	<b>(7)</b>	(10)
(Increase) / decrease in:		
Trade and other receivables	<b>585</b>	(624)
Inventories	<b>1,462</b>	(166)
Prepayments	<b>25</b>	-
Deferred tax assets	<b>61</b>	(139)
Increase / (decrease) in:		
Trade and other payables	<b>(1,301)</b>	1,468
Provisions	<b>(276)</b>	6
Income in advance	<b>(167)</b>	68
Cash flow from operations	<b>1,167</b>	1,928

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 21 - 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 22 - 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	(Retired 22/11/2022)
Rodney Barnaby	
Robert Preston	
Jane Evans	(Resigned 30/06/2023)
Louise Clarke	(Appointed 22/11/2022)
Nick De Groot	(Appointed 22/11/2022)

## NOTES TO THE FINANCIAL STATEMENTS

### 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:

Nicholas De Groot	Chief Executive Officer (Appointed 08/05/2023)
Andrew Quibell	Financial Controller (Appointed 19/06/2023)
Gary Humphreys	Acting Chief Executive Officer (01/03 - 07/05/2023)
Allan Gordon	Chief Executive Officer (Deceased)
Natalie Mitchell	Financial Controller (Resigned 19/05/2023)
Troy Sallaway	Financial Controller (Resigned 05/08/2022)
Darren Partridge	Divisional Manager IGA & Liquor
Carol Leach	Business Unit Manager
Judith Standring	Business Unit Manager
Lisa Atkins	Business Unit Manager
Joshua Tang	Business Unit Manager
Darcy Carney	Business Unit Manager (Appointed 20/02/2023)
Stephen Russell	Energy Division Manager (Resigned 25/05/2023)
Andrew Edwards	Business Unit Manager (Resigned 13/01/2023)
Izaac Stewart	Business Unit Manager (Resigned 11/06/2023)
Matthew Field	Business Unit Manager (Resigned 21/10/2022)
Angela Collins	Business Unit Manager (Resigned 30/09/2022)
Brendan Johnson	Business Unit Manager (Resigned 02/06/2023)

	2023	2022
	\$	\$
Short-term employee benefits	<b>1,583,680</b>	1,300,064
Post-employment benefits	<b>147,341</b>	125,804
Other long-term benefits	<b>15,269</b>	27,249
	<b><u>1,746,290</u></b>	<u>1,453,117</u>

Remuneration shown as short-term employee benefits means (where applicable) wages, salaries, paid annual leave and paid sick leave, bonuses and the value of fringe benefits received, but excludes out-of-pocket expense reimbursements. All remuneration of Directors was approved by members at the previous Annual General Meeting of the Co-operative.



## NOTES TO THE FINANCIAL STATEMENTS

### 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 2023 amounts totalling \$Nil (2022: \$3,575) were paid.

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

	<b>Number</b>	Number
Aggregate number of shares held	<b>439</b>	477
Aggregate number of shares acquired/(redeemed)	<b>(38)</b>	219

### **NOTE 23 - 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>2023</b>				
Cash and cash equivalents	<b>3,100</b>	-	-	<b>3,100</b>
Trade and other receivables	<b>1,195</b>	-	-	<b>1,195</b>
Bank overdraft	<b>(894)</b>	-	-	<b>(894)</b>
Bank loan	<b>(200)</b>	<b>(5,849)</b>	-	<b>(6,049)</b>
Equipment loans	<b>(859)</b>	<b>(2,423)</b>	-	<b>(3,282)</b>
Lease liabilities	<b>(1,327)</b>	<b>(6,279)</b>	<b>(7,436)</b>	<b>(15,042)</b>
Trade and other payables	<b>(5,871)</b>	-	-	<b>(5,871)</b>
Fully paid ordinary shares	-	<b>(1,134)</b>	-	<b>(1,134)</b>
<b>Net inflows / (outflows)</b>	<b>(4,856)</b>	<b>(15,685)</b>	<b>(7,436)</b>	<b>(27,977)</b>
<b>2022</b>				
Cash and cash equivalents	102	-	-	102
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>

### 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.

Judgements of reasonably possible movements	Pre-tax profit		Equity	
	Higher / (lower)		Higher / (lower)	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
+1.0% (100 basis points)	<b>(35)</b>	(57)	<b>(35)</b>	(57)
-1.0% (100 basis points)	<b>35</b>	57	<b>35</b>	57

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 24 - FAIR VALUE MEASUREMENT

#### Hierarchy

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

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
	\$'000	\$'000	\$'000	\$'000
<b>2023</b>				
<b><i>Revalued property, plant and equipment</i></b>				
Land and buildings	-	17,881	-	17,881
<b><i>Liabilities for which fair values are disclosed</i></b>				
Bank loans	-	6,049	-	6,049
Equipment loans	-	3,282	-	3,282

There were no transfers between Levels 1, 2 or 3 during 2023.

<b>2022</b>				
<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.

### 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 25 - AUDITOR'S REMUNERATION

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

Audit of the statutory financial report

Internal audit services

Tax compliance

Other assurance and agreed-upon procedures services

	2023	2022
	\$	\$
	<b>62,800</b>	58,900
	<b>83,520</b>	60,000
	<b>9,100</b>	13,385
	-	19,900
	<b>155,420</b>	152,185

## 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 2023 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 2023 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**



**Louise Clarke**  
**Director**

**Dated: 26 September 2023**

**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 2023, 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 2023 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 2023, 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**

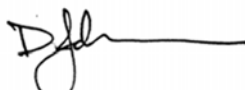
### **To the Members of Hastings Co-operative Limited**

#### **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: 26 September 2023**

## Notes

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# **Hastings Co-op family**



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