

# Highlights and milestones

As highlighted in the 2024-27 Strategic Plan, we are more focussed than ever on the history and purpose of our co-operative, and how we can continue to be of benefit to our members, community and staff.

While the past few years have been an incredibly difficult time to do business, we look forward to finding new ways to be innovative and change to meet the challenges of the future.

- \$225,420 returned in rewards vouchers to 3,517 active Shareholder members
- \$144,840 returned in rewards vouchers to 14,850 Co-op 100 members
- 13% increase in Co-op 100 members, 13,185 in 2022-23 to 14,850 in 2023-24
- Winners of National and NSW Large Meat Department Awards (Sovereign Place IGA butchers) and Business of the Year, Wauchope and Hinterland Business Awards. Fuel division also finalists in the Australian Fuel and Convenience Awards
- Employed 311 locals in full-time, part-time and casual roles
- Donated \$15,500 in Community Chest grants to 10 groups
- Sponsored almost 40 local sporting clubs, schools, community groups, charities and events, including co-hosting Christmas Community Connect with Wauchope Chamber of Commerce
- Significant improvement in safety hazard reporting
- Review of contractor's performance and management system to improve management of assets
- Remediated Port Macquarie IGA fridges to replace ozone depleting characteristics
- Continued 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 seeking new ways to care for our environment
- Closure of Mitre 10 & CRT, Kew Rural and Comboyne Rural on April 5 and The Department Store on July 31
- Several member meetings regarding 2024-27 Strategic Plan, business and financial updates and sale of IGA supermarkets

|  | 2016<br>\$m | 2017<br>\$m | 2018<br>\$m | 2019<br>\$m | 2020<br>\$m | 2021<br>\$m | 2022<br>\$m | 2023<br>\$m | 2024<br>\$m |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Total revenue</b>   | 75.7        | 81.4        | 86.1        | 90.8        | 96.0        | 103.6       | 113.9       | 110.1       | 101.7       |
| <b>Total expenses</b>  | 74.5        | 80.2        | 85.2        | 89.6        | 96.3        | 104.0       | 115.5       | 111.9       | 105.5       |
| <b>Net profit/(loss) before tax</b>                              | 1.2         | 1.2         | 0.9         | 1.2         | (0.3)       | (0.4)       | (1.6)       | (1.8)       | (3.8)       |
| <b>Net profit/(loss) after tax</b>                               | 1.3         | 1.2         | 0.9         | 1.3         | 0.1         | (0.2)       | (1.5)       | (1.8)       | (3.8)       |
| <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)       | (3.8)       |
| <b>Total assets</b>  | 21.2        | 21.7        | 22.9        | 31.3        | 45.8        | 46.7        | 53.5        | 48.6        | 41.4        |
| <b>Total liabilities</b>   | 16.9        | 16.2        | 16.5        | 24.2        | 35.5        | 36.5        | 36.8        | 33.8        | 30.3        |
| <b>Equity</b>  | 4.3         | 5.5         | 6.4         | 7.1         | 10.3        | 10.2        | 16.7        | 14.8        | 11.1        |
| <b>Member shares</b>   | 2.4         | 2.2         | 1.9         | 1.7         | 1.5         | 1.3         | 1.2         | 1.1         | 1.1         |
| <b>Performance at a glance for the year ending June 30, 2024</b> |             |             |             |             |             |             |             |             |             |

# Annual General Meeting 2024

Notice is hereby given that the 108<sup>th</sup> Annual General Meeting of the Hastings Co-operative Limited will be held on November 14 at Wauchope Country Club, 24 King Street, Wauchope, commencing at 10.30am.

## **Business of the 2024 Annual General Meeting -**

1. Welcome and apologies
2. Welcome to country
3. Receipt and noting of minutes
4. Business arising from the minutes
5. Report from the Chair
6. Report from the Chief Executive Officer
7. Report from the Independent Auditor
8. Receipt and adoption of the following for the year ending June 30, 2024
  - a. *Directors' report and Directors' declaration*
  - b. *Annual financial statement*
  - c. *Independent auditor's report*
9. Questions from members – with notice
10. Directors' remuneration
11. Appointment of External Auditors
12. Declaration of the result of any Director election

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

*Cover photo courtesy of local photographer Cody-lee Mabey  
- Coda Road Photography*

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## VISION

Forward thinking leader enhancing the lives of our members and community

## PRIORITIES

- Deliver an enhanced member and customer value proposition
- Maximise our financial performance and ensure investments are in the interests of members and deliver appropriate returns
- Be a community leader
- Grow and strengthen our strategic alliances
- Be an employer of choice

# Chair's report

In my report last year, I flagged that our poor operating results would necessitate a critical review of assets and under-performing business units. The economic conditions in which we operate have only become more challenging and during 2023-24 the Board made the difficult, but necessary decisions, to close our rural division and The Department Store. More recently our members voted in favour of the Board's recommendation to sell our four IGA supermarkets to Ritchies Stores Pty Ltd.

The rural division's closure was necessitated by Mitre 10 & CRT Wauchope's ongoing poor operating results and the end of the lease on that site. As the store was effectively a distribution warehouse for Kew and Comboyne Rural Stores it was not sustainable to continue operating these locations.

Sadly, the rise of online retail, and increasingly difficult economic conditions, meant we could no longer subsidise losses from The Department Store. The decision to make this space available to another operator also resulted in the release of cash to sustain our operations while we sought to resolve the issue of significant losses from Sovereign Place IGA + Liquor.

The incredible resilience and loyalty of rural division and Department Store staff must be recognised. Notwithstanding the loss of their employment, the teams continued to deliver the same high quality customer service until the businesses closed.

In November 2023, the 2024-27 Strategic Plan was released, outlining our intention to focus on partnerships and relationships, to enhance member benefits and grow member numbers.

In July 2024, we announced that we had entered into a Memorandum of Understanding (MoU) with Ritchies, to sell our four IGA supermarkets and three liquor outlets.

For some years we had considered every way to exit the Sovereign Place IGA lease due to its ongoing poor financial performance, the terms of which meant we had no possible way to operate the supermarket through to the end of the first term without completely eroding all shareholder value. The proposal to sell our supermarkets to Ritchies gave us a window to exit this lease and place the Co-op in a financially stable position to refocus on members and the wider community.

The reality is that the Co-op lacks the scale and capability to effectively compete in the grocery industry, which increasingly needs access to a strong supply chain and the capital to invest in growth and technology. Ritchies is much better placed to compete and will deliver a better range, customer service and value at the checkout than the Co-op could have sustained.

I wish all of our new partners every success and encourage our members to patronise their businesses.

I would like to thank my fellow Board members and the Co-op leadership team and staff, who have worked incredibly hard this year to keep the Co-op relevant and sustainable. I am proud of their collective resilience and commitment to the community and members.

Director Preston and I have made the decision to stand down from the Board at the Annual General Meeting. I would like to thank Bob for his many years of service and support and wish him all the best for the future.

Finally, I would like to thank our members. Your support through these difficult times, and your support for our decision to sell the supermarkets has paved the way for the Co-op to reinvent itself and to continue to deliver benefits to our members and community.

**Gary Humphreys**  
Chair

# Chief Executive Officer's report

This year has been demanding, forcing us to adapt and focus on our critical objectives. Like many businesses, for most of the year, that has been survival.

Sadly, despite a concerted effort from staff, the rural division businesses in Wauchope, Comboyne and Kew could not be saved and, with our lease expiring and no prospect of economic turnaround, we were forced to make the difficult decision to close the businesses to release the cash tied up in inventory.

Having been the 'face' of the Co-op for many years, The Department Store also continued to lose money. While, in the past, we have chosen to carry the business, we could not afford that luxury anymore, and made the decision to close the store and lease the space to achieve risk-free rental return.

On that note, it was fantastic to see the opening of Circle of Friends at the Department Store site in late September. The store is breathing life back into High Street and we wish them well.

Trading has been very slow in our supermarket division. Industry sales have generally been flat, or down on previous years, and the increases in sales revenue we did achieve, while small, was a positive reflection on the hard work of our team.

During the second half of the year, we have been in negotiations with Ritchies Stores Pty Ltd regarding the sale of our four IGA supermarkets.

There has been significant scrutiny on the grocery industry, with the Australian Competition and Consumer Commission (ACCC) releasing its Supermarket Sector Market Study. While the study was centred on Coles, Woolworths and Aldi its findings are likely to be far-reaching and could potentially put downward pressure on prices, which is great for consumers, but difficult for businesses without the supply chain infrastructure to absorb the loss of margin.

In the end, our financial position necessitated the sale of the supermarkets, however, I feel it is the right step for the Co-op to exit that highly competitive and complex industry, and the right step for members and the community, who will benefit from Ritchies' ability to provide a greater range of products, more competitive pricing and the capacity to reinvest and grow the supermarkets.

The consideration that Ritchies provides can then be used to retire our debt, reinvest in our businesses and find new ways to best serve our members.

I am genuinely excited about the future of the Co-op and looking forward to reinvesting in what we do well, our bulk fuel distribution, fuel sales and car hire businesses and assets, and exploring new ways to enhance the lives of our members and build up our community.

This has been a very hard time for our staff, and I want to sincerely thank the entire team. It has been difficult to watch businesses close and stressful seeing our workmates leave. Their resilience has been inspiring. I also want to thank the Board, which has worked incredibly hard and been very supportive as we navigated these turbulent waters.

I look forward to continuing this journey and to a period of stability, where we can focus on the needs of the members and to meeting you all at our member meetings every three months.

**Nick de Groot**  
Chief Executive Officer

# Giving back to the community

As a community-owned co-operative our members, customers and staff are at the heart of everything we do – from rewarding members who are part of the Co-op family and giving back to local groups and charities, to being one of the region's largest employers and showcasing local producers.

## Community Chest grant recipients

Ten local community groups ticked vital equipment off their wish list thanks to a \$15,500 funding injection from Community Chest grants.

The grants funded projects such as: school sports equipment; firefighting tools; dust extractors; laptops and printers; an outdoor kitchen at Comboyne Museum; a new community radio studio and; defibrillators for Port Macquarie Arts and Crafts Centre and Wauchope Stadium.

Recipients included:

- Hastings 2WAY FM: New community radio studio and office upgrade
- Kendall Men's Shed: Dust Extractor
- Hastings Valley Motorcycle Club - Laptop computer and printer
- St Joseph's Primary School Wauchope: School sports equipment
- Learn from Horses: Chairs and tables for students, visitors and the elderly
- Wauchope Netball Club - Defibrillator for Wauchope Stadium
- Comboyne Community Association: Outdoor kitchen at Comboyne Museum
- King Creek Rural Fire Brigade: Firefighting tools
- Port Macquarie National Seniors of Australia: Laptop computer and printer
- Port Macquarie Arts & Crafts Centre: Defibrillator for Centre

## Community Groups we supported this year

- Beechwood Public School
- Bundaleer Care Services
- Charles Sturt University scholarships
- Comboyne Public School
- Hastings Education Fund (HEF)
- Hastings Valley Motorcycle Club
- Lions Club of Wauchope
- Marine Rescue Port Macquarie
- Omnicare
- Port Macquarie Cycle Club
- Rhema FM Radio Station
- Rollands Plains Community Group
- Rollands Plains Rural Fire Service
- Rollands Plains Upper Public School
- Rotary Club of Wauchope
- St Joseph's Primary School Wauchope
- Tacking Point Surf Life Saving Club
- Telegraph Point Public School
- Wauchope Bonny Hills Surf Life Saving Club
- Wauchope District Memorial Hospital
- Wauchope Blues Junior Rugby League Football Club
- Wauchope Bowling Club
- Wauchope Community Connect SouperVan
- Wauchope High School
- Wauchope Hospital Auxiliary
- Wauchope Hospital Palliative Care
- Wauchope Jockey Club
- Wauchope Lady Golfers
- Wauchope Men's Bowling Club
- Wauchope Men's Golf Day
- Wauchope Netball Club
- Wauchope Public School
- Wauchope RSL Cricket Club
- Wauchope Women's Veterans Golf
- Wauchope Men's Veterans Golf
- Westpac Rescue Helicopter
- Yesteryear Truck and Machinery Show

# Congratulations to long serving staff

## Name Years of service

|                    |    |
|--------------------|----|
| Patricia Miller    | 38 |
| Matthew White      | 29 |
| Kim Barnes         | 28 |
| Darren Partridge   | 27 |
| Maxine Byatt       | 26 |
| Luke Mackay        | 26 |
| Sarah Huisman      | 26 |
| Michael Smith      | 25 |
| Andrew Quibell     | 23 |
| Craig Swain        | 22 |
| Lynn Ryan          | 21 |
| Tania Arentsen     | 20 |
| Emma Nicholson     | 20 |
| Jarrold Eyles      | 20 |
| Dionne Allen       | 20 |
| Susan Shaw         | 17 |
| Kerrie Pead        | 17 |
| Coralie Hindmarch  | 16 |
| Bradley Leach      | 16 |
| Leanne Cook        | 15 |
| Suzanne Avery      | 15 |
| Jodie Stallebrass  | 15 |
| Tracey Blackburn   | 14 |
| Julie Hargy        | 14 |
| Jodee-Ann Brownlow | 14 |
| Carol Leach        | 14 |
| Timothy Walker     | 13 |
| Marion Elford      | 13 |
| Lynda McCarthy     | 13 |
| Kayla Allen        | 13 |
| Alfred Azzopardi   | 13 |
| Ben Trommels       | 13 |
| Darren Pead        | 13 |
| Andrew Willows     | 12 |
| Richard Lugg       | 12 |
| Don Rogers         | 11 |
| Kelly Leech        | 11 |
| Wayne Tittle       | 11 |
| Christopher Isaac  | 10 |
| Matthew Vickery    | 10 |
| Melissa Ward       | 10 |







# FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE, 2024  
ABN 86 601 035 121



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## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2024**

Your Directors present their report on the Hastings Co-operative Limited (the Co-operative) for the financial year ended 30 June 2024.

### **Directors**

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

|                |                            |
|----------------|----------------------------|
| Gary Humphreys | (Chairperson)              |
| Rodney Barnaby |                            |
| Robert Preston |                            |
| Louise Clarke  |                            |
| Nick de Groot  |                            |
| Louise Eyres   | Appointed 21 November 2023 |
| Leesa Bauer    | Appointed 21 November 2023 |
| Lisa Intemann  | Resigned 21 November 2023  |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Gary Humphreys and Robert Preston will not seek re-election and will cease being directors from the date of the AGM.

### **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 \$101,710,000 for the current financial year as compared to \$110,138,000 the previous financial year. The loss of the Co-operative for the financial year after providing for income tax amounted to \$3,766,000 compared to a loss of \$1,845,000 in the previous financial year.

### **Dividends**

No dividend is recommended to be paid for the financial year ended 30 June 2024.

Shareholder reward vouchers issued for the financial year totalled \$225,420 and Co-op 100 Vouchers issued for the financial year totalled \$144,840.

### **Review of Operations**

The overall retail environment was extremely volatile over the course of 2023-24. Costs associated with the on-going operations of the Sovereign Place Supermarket and poor performance of the rural and hardware division and the Department Store have also impacted the final result. The three rural and hardware division businesses were closed during the financial year and one off losses associated with these closures have been recognised in the result.

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

On 5 April 2024 the three rural and hardware division businesses were closed. There were no other significant changes in the state of affairs of the Co-operative during the financial year.

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2024**

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

Subsequent to the reporting date, Hastings Co-operative Limited closed its Department Store business in High Street, Wauchope.

Hastings Co-operative Limited has entered into a Memorandum of Understanding, and expects to sign a Contract of Sale with Ritchies Stores Pty Ltd in November 2024 for the acquisition of the following supermarkets: Wauchope IGA and Liquor, Timbertown IGA and Liquor, Sovereign Place IGA and Liquor, and Port Macquarie IGA, for a total consideration of \$15 million, plus stock.

The sale is scheduled to be executed no earlier than eight (8) weeks from the contract signing, with the following key arrangements:

As required under its Rules, the Co-operative sought the vote of active equity members, and members approved the sale of the supermarkets on 25 October 2024.

- Hastings Co-operative Limited will retain ownership of the land and buildings for Wauchope IGA and Liquor and will lease these premises to Ritchies.
- The liquor licenses currently held by Hastings Co-operative Limited will be transferred to Ritchies, pending approval from the relevant authority.
- All current employees of Hastings Co-operative Limited at the IGA locations will receive offers of employment from Ritchies on terms that are no less favourable than their current conditions, provided their salary ranges are within reasonable industry rates. Employees will retain their tenure of service, along with their entitlements to existing Long Service Leave and Sick Leave.
- Hastings Co-operative Limited will pay all accrued and approved leave entitlements to employees prior to their commencement with Ritchies.

Additionally, Hastings Co-operative Limited has entered into an agreement with Ritchies Stores Pty Ltd regarding rental subsidies for the first 10-year lease term of the Sovereign Place IGA and Liquor. Under this agreement, Hastings Co-operative Limited is liable to subsidise Ritchies' rent to the extent that it exceeds 3% of Ritchies' revenue. The subsidy will cover two-thirds (2/3) of the amount by which the rent exceeds this threshold.

The total liability under this arrangement is capped at \$2.4 million. As of the date of these financial statements, the actual amount of the contingent liability cannot be reliably estimated, as it is dependent on Ritchies' future revenue and rental expenses.

These developments are expected to enhance the financial position and operational stability of Hastings Co-operative Limited. Further details regarding the impact of these transactions will be disclosed in future financial statements as necessary.

### **Future Developments**

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

### **Environmental Regulations**

The Co-operative's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory. The Board believes that the Co-operative has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Co-operative.

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2024

### 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 four sub-committees currently active: the Finance, Risk and Audit Committee, which maintains and oversees the integrity of the financial reporting and internal auditing and WHS functions, (Louise Clarke (Chair), Leesa Bauer and Robert Preston); the Governance Committee, which maintains and oversees the governance structures (Rod Barnaby (Chair), Louise Clarke and Louise Eyres); the Marketing and Innovation Committee, which maintains and oversees the strategic direction and marketing initiatives and innovation projects (Louise Eyres (Chair), Rod Barnaby and Leesa Bauer) 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)        | 20                        | 20              | 0                         | 0               |
| Rodney Barnaby                      | 20                        | 20              | 7                         | 7               |
| Robert Preston                      | 20                        | 18              | 4                         | 3               |
| Louise Clarke                       | 20                        | 19              | 6                         | 6               |
| Nick de Groot                       | 20                        | 20              | 10                        | 10              |
| Leesa Bauer (Appointed 21/11/2023)  | 13                        | 12              | 3                         | 3               |
| Louise Eyres (Appointed 21/11/2023) | 13                        | 13              | 4                         | 4               |
| Lisa Intemann (Retired 21/11/2023)  | 7                         | 5               | 3                         | 3               |

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2024**

### **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 has been the Chair since 26 April 2022. Gary is currently a board member of PNL Group (P&N Bank and BCU), Local Land Services North Coast, Garden Village Port Macquarie, Department of Primary Industries and Regional Development (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 and is now a full time non-executive director. Gary brings to the board a wealth of experience in risk management, governance, strategy and executive leadership.

#### **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 commercial 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 Nominations Committees and a member of the Marketing and Innovation Committee. Rod has previously been on the Board of Destination North Coast, Bundaleer Care Services and Regional Development Australia. Rod is currently the Regional Director for Business NSW working with business leaders, all levels of government and regional stakeholders to elevate the performance of business across the Mid North Coast Region.

#### **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.

#### **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, the Chair of the NSW government Rural Assistance Authority and is an NED of PN Bank.

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.

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2024

### 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.

### Louise Eyres

Qualifications: Bachelor of Business (Mktg), Graduate Diploma International Trade, Master of Business Administration, GAICD

Louise is a business leader with executive experience across global, regional and national leaders including BHP, ANZ, Vanguard and Legalsuper. Louise has more than a decade of experience in non-executive roles in sport, health care, human services and financial services. her curent board portfolio also includes Garden Village, Afford, VicSport. betond governance and risk management, Louise brings expertise in marketing, digital customer experiece, data and analytics.

### Leesa Bauer

Qualifications: Bachelor of Science, Diploma of Education, Masters in Business Information technology

Prior to her work as a non-executive director, Leesa spent over 20 years in the banking and finance sector, where she led large-scale technology infrastructure projects and managed complex business operations. She is now a non-executive director on two other boards, bringing strategic insight and governance expertise. Leesa's expertise spans digital transformation, cybersecurity, data privacy, risk management, and digital marketing - skills that drive her commitment to enhancing the lives of the people and communities she serves.

### 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: 29 October 2024**

**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 2024 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: 29 October 2024**





**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2024**

|   | Note | 2024<br>\$'000 | 2023<br>\$'000 |
|---|------|----------------|----------------|
| <b>PROFIT FROM CONTINUING AND DISCONTINUED OPERATIONS</b>                     |      |                |                |
| Revenue from contracts with customers   | 2    | 92,558         | 100,166        |
| Cost of sales   | 3    | (74,639)       | (81,762)       |
| <b>Gross profit</b>   |      | <b>17,919</b>  | <b>18,404</b>  |
| Other operating income  | 2    | 3,010          | 2,793          |
| Bad and doubtful debts expense  | 3    | 4              | (10)           |
| Depreciation and amortisation expense   | 3    | (2,382)        | (2,465)        |
| Employee benefits expense   |      | (12,283)       | (11,713)       |
| Finance costs   | 3    | (1,192)        | (1,249)        |
| Other expenses  |      | (7,521)        | (7,038)        |
| <b>Profit / (loss) before income tax</b>                                      |      | <b>(2,445)</b> | <b>(1,278)</b> |
| Income tax (expense) / benefit  | 5    | 39             | (45)           |
| <b>Profit / (loss) from continuing operations</b>                             |      | <b>(2,406)</b> | <b>(1,323)</b> |
| Profit / (loss) from discontinued operations after tax                        | 4    | (1,360)        | (522)          |
| <b>Profit / (loss) attributable to members of the Co-operative</b>            |      | <b>(3,766)</b> | <b>(1,845)</b> |
| <b>Other comprehensive income</b>   |      |                |                |
| Revaluation of land and buildings   | 10   | -              | -              |
| Total other comprehensive income for the year, net of tax                     |      | -              | -              |
| <b>Total comprehensive income for the year, net of tax</b>                    |      | <b>(3,766)</b> | <b>(1,845)</b> |
| <b>Total comprehensive income attributable to members of the Co-operative</b> |      | <b>(3,766)</b> | <b>(1,845)</b> |

**BALANCE SHEET  
AS AT 30 JUNE 2024**

|                                       | Note | 2024<br>\$'000 | 2023<br>\$'000 |
|---------------------------------------|------|----------------|----------------|
| <b>ASSETS</b>                         |      |                |                |
| <b>Current assets</b>                 |      |                |                |
| Cash and cash equivalents             | 6    | 1,096          | 3,100          |
| Trade and other receivables           | 7    | 874            | 1,137          |
| Inventories                           | 8    | 3,388          | 5,424          |
| Other assets                          | 9    | 39             | 64             |
| <b>Total current assets</b>           |      | <b>5,397</b>   | <b>9,725</b>   |
| <b>Non-current assets</b>             |      |                |                |
| Property, plant and equipment         | 10   | 23,055         | 24,479         |
| Right-of-use assets                   | 11   | 11,068         | 12,538         |
| Intangible assets                     | 12   | 548            | 568            |
| Deferred tax assets                   | 13   | 1,284          | 1,257          |
| <b>Total non-current assets</b>       |      | <b>35,955</b>  | <b>38,842</b>  |
| <b>Total assets</b>                   |      | <b>41,352</b>  | <b>48,567</b>  |
| <b>LIABILITIES</b>                    |      |                |                |
| <b>Current liabilities</b>            |      |                |                |
| Trade and other payables              | 14   | 5,128          | 5,871          |
| Interest-bearing loans and borrowings | 15   | 6,931          | 1,953          |
| Lease liabilities                     | 16   | 1,430          | 1,327          |
| Employee benefit obligations          | 17   | 1,158          | 1,073          |
| Other liabilities                     | 18   | 73             | 123            |
| <b>Total current liabilities</b>      |      | <b>14,720</b>  | <b>10,347</b>  |
| <b>Non-current liabilities</b>        |      |                |                |
| Interest-bearing loans and borrowings | 15   | 1,841          | 8,272          |
| Lease liabilities                     | 16   | 12,372         | 13,715         |
| Employee benefit obligations          | 17   | 226            | 283            |
| Other liabilities                     | 18   | 1,102          | 1,134          |
| <b>Total non-current liabilities</b>  |      | <b>15,541</b>  | <b>23,404</b>  |
| <b>Total liabilities</b>              |      | <b>30,261</b>  | <b>33,751</b>  |
| <b>Net assets</b>                     |      | <b>11,091</b>  | <b>14,816</b>  |
| <b>EQUITY</b>                         |      |                |                |
| Reserves                              | 19   | 12,066         | 12,098         |
| Retained earnings                     |      | (975)          | 2,718          |
| <b>Total equity</b>                   |      | <b>11,091</b>  | <b>14,816</b>  |

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2024**

|  | <b>Retained<br/>earnings<br/>\$'000</b> | <b>Reserves<br/>\$'000</b> | <b>Total equity<br/>\$'000</b> |
|--|---|----------------------------|--------------------------------|
| Balance at 1 July  | 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>                  |
| Balance at 1 July 2023   | <b>2,718</b>                            | <b>12,098</b>              | <b>14,816</b>                  |
| Profit / (loss) for the year   | <b>(3,766)</b>                          | -                          | <b>(3,766)</b>                 |
| Other comprehensive income   | -                                       | -                          | -                              |
| Total comprehensive income for the year  | <b>(3,766)</b>                          | -                          | <b>(3,766)</b>                 |
| Other  |   |                            |                                |
| Transfer surplus from reserves to retained earnings on disposal of property, plant and equipment | 73                                      | (32)                       | 41                             |
| <b>Balance at 30 June 2024</b>   | <b>(975)</b>                            | <b>12,066</b>              | <b>11,091</b>                  |

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2024**

|  | Note | 2024<br>\$'000 | 2023<br>\$'000 |
|--|------|----------------|----------------|
| <b>Cash flows from operating activities</b>            |      |                |                |
| Receipts from customers                                |      | 105,136        | 115,097        |
| Payments to suppliers and employees                    |      | (107,059)      | (115,582)      |
| Other income   |      | 3,364          | 2,866          |
| Interest received                                      |      | 61             | 60             |
| Interest paid  |      | (1,203)        | (1,274)        |
| Net cash inflow / (outflow) from operating activities  | 21   | 299            | 1,167          |
| <b>Cash flows from investing activities</b>            |      |                |                |
| Payments for property, plant and equipment             |      | (286)          | (309)          |
| Proceeds from sale of property, plant and equipment    |      | 74             | 4,033          |
| Payments for intangible assets                         |      | -              | -              |
| Net cash inflow / (outflow) from investing activities  |      | (212)          | 3,724          |
| <b>Cash flows from financing activities</b>            |      |                |                |
| Proceeds from borrowings                               |      | 178            | -              |
| Repayment of borrowings                                |      | (1,200)        | (815)          |
| Payment of principal portion of lease liabilities      |      | (608)          | (787)          |
| Payments for shares bought back                        |      | (30)           | (33)           |
| Net cash inflow / (outflow) from financing activities  |      | (1,660)        | (1,635)        |
| Net increase / (decrease) in cash and cash equivalents |      | (1,573)        | 3,256          |
| Cash and cash equivalents at the beginning of the year |      | 2,206          | (1,050)        |
| <b>Cash and cash equivalents at end of year</b>        | 6    | <b>633</b>     | <b>2,206</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 29 October 2024.

#### 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 material accounting policy information that has been consistently applied to all periods presented, unless otherwise stated.

#### Going Concern

The Directors have assessed the Co-operatives' financial position and are preparing these financial statements on the basis of going concern, primarily predicated on the proposed sale of the four supermarkets and three liquor outlets to Ritchies Stores Pty Ltd. This sale is expected to provide critical liquidity and operational support necessary for the Company's continued viability.

The Statement of Financial Position shows current liabilities exceeding current assets by \$9,323,000 (2023: \$622,000). This reflects the possibility that the \$5,900,000 bank loan may settle within the next twelve months. In addition, retained earnings fell to a negative balance of \$975,000 (2023: \$2,718,000 positive). The Co-operative has reported losses for the last 5 years, including a before tax loss of \$3,793,000 from continued and discontinued operations for the 2024 financial year (2023: \$1,784,000).

Despite facing significant challenges, including the poor performance of the Sovereign Place IGA + Liquor since its opening in 2019, adverse impacts from high inflation and escalating interest rates, and ongoing losses that led to the closure of several non-performing businesses, the Directors believe that the sale to Ritchies will facilitate a turnaround. The Co-operative has already taken steps to mitigate losses by divesting from underperforming assets and closing unprofitable operations, including a selling property on Lake Rd, Port Macquarie, and closing its three rural supplies and hardware outlets and its Department Store.

While the Co-operative continues to face trading difficulties and material uncertainty over its ability to continue as a going concern, the Directors remain confident that the completion of the sale will enhance the Co-operative's financial position and enable it to meet its obligations as they arise. Should the sale not proceed as anticipated, the Directors will reassess the going concern assumption.

The Directors are committed to taking all necessary actions to ensure that the Co-operative can sustain its operations and meet its obligations, and they are actively working to finalize the sale as a pivotal step towards securing the future of Hastings Co-operative Limited. To this end a Memorandum of Understanding was signed with Ritchies Stores Pty Ltd in July 2024 and members were asked to approve the proposed sale by ballot, which concluded successfully in October 2024.

A final Contract of Sale is expected to be signed with Ritchies in November 2024.

## NOTES TO THE FINANCIAL STATEMENTS

### **Current versus Non-Current Classification**

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

#### **Assets**

An asset is current when it is:

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

All other assets are classified as non-current.

#### **Liabilities**

A liability is current when:

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2 - REVENUE AND OTHER INCOME

2024      2023  
\$'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>69,585</b> | 71,074  |
| Energy                                       | <b>21,344</b> | 27,578  |
| Other  | <b>1,629</b>  | 1,514   |
| <b>Revenue from contracts with customers</b> | <b>92,558</b> | 100,166 |

#### Other Income

|  |               |         |
|--|---------------|---------|
| Interest received  | <b>61</b>     | 60      |
| Rent received  | <b>33</b>     | 39      |
| Rebates, commissions and other revenue                           | <b>2,878</b>  | 2,674   |
| Gain on disposal of non-current assets                           | <b>38</b>     | 20      |
|  | <b>3,010</b>  | 2,793   |
| <b>Total revenue and other income from continuing operations</b> | <b>95,568</b> | 102,959 |

#### Revenue and other income from discontinued operations

|  |   |                |         |
|--|---|----------------|---------|
| Rural  | 4 | <b>6,142</b>   | 7,179   |
| <b>Income from continuing operations and discontinued operations</b> |   | <b>101,710</b> | 110,138 |

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3 - OTHER EXPENSES

|   | 2024          | 2023          |
|---|---------------|---------------|
| <b>Cost of Sales</b>                          | <b>\$'000</b> | <b>\$'000</b> |
| Purchases of goods available for sale         | 74,111        | 80,742        |
| Change in inventories                         | 527           | 1,020         |
|   | <b>74,638</b> | <b>81,762</b> |
| <b>Finance costs</b>                          |               |               |
| Interest on borrowings                        | 545           | 593           |
| Interest on lease liabilities                 | 647           | 656           |
|   | <b>1,192</b>  | <b>1,249</b>  |
| <b>Depreciation and amortisation</b>          |               |               |
| <b>Depreciation</b>                           |               |               |
| Buildings and improvements                    | 255           | 257           |
| Plant and equipment                           | 1,103         | 1,149         |
|   | <b>1,358</b>  | <b>1,406</b>  |
| <b>Amortisation</b>                           |               |               |
| Computer software and other intangible assets | 19            | 24            |
| Right-of-use assets                           | 1,005         | 1,035         |
|   | <b>1,024</b>  | <b>1,059</b>  |
|   | <b>2,382</b>  | <b>2,465</b>  |
| <b>Bad and doubtful debts</b>                 | <b>(4)</b>    | <b>10</b>     |
| <b>Loss on disposal of non-current assets</b> | <b>287</b>    | <b>39</b>     |

### NOTE 4 - DISCONTINUED OPERATIONS

On 5 April 2024 the Rural Division ceased operations due to ongoing losses sustained over a number of years.

Financial information relating to the discontinued operation to the date of closure is set out below.

The financial performance of the discontinued operation to the date of closure, which is included in the profit/(loss) from discontinued operations per the statement of comprehensive income, is as follows:

|   |                |              |
|---|----------------|--------------|
| Revenue   | 6,142          | 7,179        |
| Expenses  | (7,490)        | (7,685)      |
| Profit/(loss) before income tax                             | (1,348)        | (506)        |
| Income tax (expense) / benefit                              | (12)           | (16)         |
| Profit / (loss) attributable to members of the Co-operative | <b>(1,360)</b> | <b>(522)</b> |



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5 - INCOME TAX

#### Components of income tax

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

|   | 2024        | 2023      |
|---|-------------|-----------|
|   | \$'000      | \$'000    |
| <b>Current income tax:</b>                                    |             |           |
| Current income tax charge                                     | -           | -         |
| <b>Deferred tax:</b>  |             |           |
| Relating to origination and reversal of temporary differences | (39)        | 45        |
| <b>Income tax expense / (benefit)</b>                         | <b>(39)</b> | <b>45</b> |

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

|  |             |           |
|--|-------------|-----------|
| Accounting profit / (loss) before tax from continuing operations | (2,445)     | (1,278)   |
| At Co-operative's statutory income tax rate of 30% (2023: 30%)   | (734)       | (383)     |
| Non-deductible expenses for tax purposes                         | -           | 58        |
| Movement in deferred tax liabilities not accounted for           | 72          | 421       |
| Current year tax losses not recognised                           | 623         | -         |
| Utilisation of previously unrecognised tax losses                | -           | (51)      |
| <b>Income tax expense / (benefit)</b>                            | <b>(39)</b> | <b>45</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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

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 | 2024<br>\$'000 | 2023<br>\$'000 |
|---|------|----------------|----------------|
| <b>NOTE 6 - CASH AND CASH EQUIVALENTS</b> |      |                |                |
| Cash at bank and on hand                  |      | <b>1,096</b>   | 3,100          |

### 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>1,096</b> | 3,100 |
| Bank overdraft            | 15 | <b>(463)</b> | (894) |
|                           |    | <b>633</b>   | 2,206 |

### 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

|   | 2024   | 2023   |
|---|--------|--------|
|   | \$'000 | \$'000 |
| <b>NOTE 7 - TRADE AND OTHER RECEIVABLES</b> |        |        |
| Trade receivables                           | 713    | 988    |
| Allowance for expected credit losses        | (41)   | (58)   |
|   | 672    | 930    |
| Other receivables                           | 202    | 207    |
|   | 874    | 1,137  |

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 | 571 | 827 |
| 30 to 60 days     | 34  | 72  |
| 61 to 90 days     | 39  | 13  |
| More than 90 days | 69  | 76  |
|                   | 713 | 988 |

### 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 8 - INVENTORIES

|                        |       |       |
|------------------------|-------|-------|
| Finished goods at cost | 3,388 | 5,424 |
|------------------------|-------|-------|

### 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 9 - OTHER ASSETS

#### Current

|             |    |    |
|-------------|----|----|
| Prepayments | 39 | 64 |
|-------------|----|----|

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

|                                       | Freehold<br>land<br>\$'000 | Buildings<br>\$'000 | Plant and<br>equipment<br>\$'000 | Total<br>\$'000 |
|---------------------------------------|----------------------------|---------------------|----------------------------------|-----------------|
| <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               | <u>7,708</u>               | <u>10,173</u>       | <u>6,598</u>                     | <u>24,479</u>   |
| Cost or fair value                    | 7,708                      | 10,435              | 16,993                           | 35,136          |
| Accumulated depreciation              | -                          | (262)               | (10,395)                         | (10,657)        |
| Net book amount                       | <u>7,708</u>               | <u>10,173</u>       | <u>6,598</u>                     | <u>24,479</u>   |

### Year ended 30 June 2024

|                                       |              |              |              |               |
|---------------------------------------|--------------|--------------|--------------|---------------|
| Opening net book amount               | 7,708        | 10,173       | 6,598        | 24,479        |
| Additions                             | -            | -            | 286          | 286           |
| Disposals                             | -            | (211)        | (131)        | (342)         |
| Revaluation increments / (decrements) | (15)         | 56           | -            | 41            |
| Depreciation                          | -            | (261)        | (1,148)      | (1,409)       |
| Closing net book amount               | <u>7,693</u> | <u>9,757</u> | <u>5,605</u> | <u>23,055</u> |
| Cost or fair value                    | 7,693        | 10,270       | 16,307       | 34,270        |
| Accumulated depreciation              | -            | (513)        | (10,702)     | (11,215)      |
| Net book amount                       | <u>7,693</u> | <u>9,757</u> | <u>5,605</u> | <u>23,055</u> |

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

|                          | 2024<br>\$'000 | 2023<br>\$'000 |
|--------------------------|----------------|----------------|
| Cost                     | 8,196          | 8,363          |
| Accumulated depreciation | (2,352)        | (2,213)        |
|                          | <u>5,844</u>   | <u>6,150</u>   |

## NOTES TO THE FINANCIAL STATEMENTS

### ACCOUNTING POLICY

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

#### Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction) less accumulated impairment losses and accumulated depreciation for buildings. The fair value of freehold land and buildings is based on periodic valuations performed by independent external valuers at least once in every five years. Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same asset are charged against the asset revaluation reserve directly in equity. All other decreases are recognised in profit or loss. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

#### Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of the recoverable amount is made when impairment indicators are present. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Co-operative and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

#### Depreciation

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

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

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

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

#### Impairment

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 11 - RIGHT-OF-USE ASSETS

|                                    | Buildings<br>\$'000  | Plant and<br>equipment<br>\$'000 | Total<br>\$'000      |
|------------------------------------|----------------------|----------------------------------|----------------------|
| <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>        |
| <b>Year ended 30 June 2024</b>     |                      |                                  |                      |
| Opening net book amount            | <b>12,493</b>        | <b>45</b>                        | <b>12,538</b>        |
| New lease commencements            | -                    | <b>138</b>                       | <b>138</b>           |
| Remeasurement of lease liabilities | <b>(560)</b>         | <b>(9)</b>                       | <b>(569)</b>         |
| Depreciation                       | <b>(1,003)</b>       | <b>(36)</b>                      | <b>(1,039)</b>       |
| Closing net book amount            | <u><b>10,930</b></u> | <u><b>138</b></u>                | <u><b>11,068</b></u> |
| Right-of-use asset                 | <b>15,531</b>        | <b>270</b>                       | <b>15,801</b>        |
| Accumulated depreciation           | <b>(4,601)</b>       | <b>(132)</b>                     | <b>(4,733)</b>       |
| Net book amount                    | <u><b>10,930</b></u> | <u><b>138</b></u>                | <u><b>11,068</b></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 12 - INTANGIBLE ASSETS

|                                | Goodwill   | Computer software | Other intangible assets | Total      |
|--------------------------------|------------|-------------------|-------------------------|------------|
|                                | \$'000     | \$'000            | \$'000                  | \$'000     |
| <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        | <u>498</u> | <u>36</u>         | <u>34</u>               | <u>568</u> |
| Cost or fair value             | 498        | 279               | 42                      | 819        |
| Accumulated depreciation       | -          | (243)             | (8)                     | (251)      |
| Net book amount                | <u>498</u> | <u>36</u>         | <u>34</u>               | <u>568</u> |
| <b>Year ended 30 June 2024</b> |            |                   |                         |            |
| Opening net book amount        | 498        | 36                | 34                      | 568        |
| Additions                      | -          | -                 | -                       | -          |
| Disposals                      | -          | -                 | -                       | -          |
| Amortisation                   | -          | (18)              | (2)                     | (20)       |
| Closing net book amount        | <u>498</u> | <u>18</u>         | <u>32</u>               | <u>548</u> |
| Cost or fair value             | 498        | 279               | 42                      | 819        |
| Accumulated depreciation       | -          | (261)             | (10)                    | (271)      |
| Net book amount                | <u>498</u> | <u>18</u>         | <u>32</u>               | <u>548</u> |

### 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 7.62% (2023: 7.49%);
- 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.

|  | 2024         | 2023         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| <b>NOTE 13 - DEFERRED TAX ASSETS</b>                       |              |              |
| Opening balance as at 1 July                               | 1,257        | 1,318        |
| Tax expense during the period recognised in profit or loss | 27           | (61)         |
| <b>Closing balance as at 30 June</b>                       | <b>1,284</b> | <b>1,257</b> |
| Deferred tax relates to the following:                     |              |              |
| Provisions   | 448          | 434          |
| Allowance for expected credit losses                       | 12           | 17           |
| Lease liabilities and right-of-use assets                  | 820          | 751          |
| Other  | 4            | 55           |
|  | <b>1,284</b> | <b>1,257</b> |



## NOTES TO THE FINANCIAL STATEMENTS

|   | Note | 2024<br>\$'000 | 2023<br>\$'000 |
|---|------|----------------|----------------|
| <b>NOTE 14 - TRADE AND OTHER PAYABLES</b> |      |                |                |
| Trade payables                            |      | 4,628          | 5,549          |
| Other payables and accrued expenses       |      | 500            | 322            |
|   |      | 5,128          | 5,871          |

### ACCOUNTING POLICY

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

### NOTE 15 - INTEREST-BEARING LOANS AND BORROWINGS

|                    |  |       |        |
|--------------------|--|-------|--------|
| Bank overdraft     |  | 463   | 894    |
| Bank loan          |  | 5,900 | 6,049  |
| Equipment loans    |  | 2,409 | 3,282  |
|                    |  | 8,772 | 10,225 |
| <b>Current</b>     |  | 6,931 | 1,953  |
| <b>Non-current</b> |  | 1,841 | 8,272  |
|                    |  | 8,772 | 10,225 |

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

### Borrowing facilities

|                            |  |         |          |
|----------------------------|--|---------|----------|
| Total facilities available |  | 9,884   | 10,907   |
| Facilities used            |  | (8,772) | (10,225) |
| Unused facilities          |  | 1,112   | 682      |

### Non-current assets pledged as security

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

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

|                             |    |        |        |
|-----------------------------|----|--------|--------|
| Freehold land and buildings | 10 | 17,450 | 17,881 |
| Plant and equipment         | 10 | 5,605  | 6,598  |
|                             |    | 23,055 | 24,479 |

### 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   | 6 | 1,096 | 3,100 |
| Trade and other receivables | 7 | 874   | 1,137 |
|                             |   | 1,970 | 4,237 |

### 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.

|                                      | 2024          | 2023          |
|--------------------------------------|---------------|---------------|
|                                      | \$'000        | \$'000        |
| <b>NOTE 16 - LEASE LIABILITIES</b>   |               |               |
| Opening balance as at 1 July         | 15,042        | 15,275        |
| Additions                            | 138           | -             |
| Accretion of interest                | 658           | 681           |
| Remeasurement of lease liabilities   | (770)         | 478           |
| Lease payments                       | (1,266)       | (1,392)       |
| <b>Closing balance as at 30 June</b> | <b>13,802</b> | <b>15,042</b> |
| <b>Current</b>                       | <b>1,430</b>  | 1,327         |
| <b>Non-current</b>                   | <b>12,372</b> | 13,715        |
|                                      | <b>13,802</b> | <b>15,042</b> |

The following are the amounts recognised in profit or loss:

|  |            |            |
|--|------------|------------|
| Interest expense on lease liabilities  | 658        | 681        |
| Expenses relating to leases of low-value assets (included in other expenses) | 140        | 123        |
| Total amount recognised in profit or loss                                    | <b>798</b> | <b>804</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

|   | 2024         | 2023   |
|---|--------------|--------|
|   | \$'000       | \$'000 |
| <b>NOTE 17 - EMPLOYEE BENEFIT OBLIGATIONS</b> |              |        |
| Provisions                                    | <b>1,384</b> | 1,356  |
| <b>Current</b>                                | <b>1,158</b> | 1,073  |
| <b>Non-current</b>                            | <b>226</b>   | 283    |
|   | <b>1,384</b> | 1,356  |
| <b>Movement in provisions</b>                 |              |        |
| Opening balance as at 1 July                  | <b>1,356</b> | 1,632  |
| Additional provisions recognised              | <b>28</b>    | (276)  |
| <b>Closing balance as at 30 June</b>          | <b>1,384</b> | 1,356  |

### ACCOUNTING POLICY

#### Employee benefits

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

#### Superannuation

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

### NOTE 18 - OTHER LIABILITIES

#### Current

|                   |           |     |
|-------------------|-----------|-----|
| Income in advance | <b>73</b> | 123 |
|-------------------|-----------|-----|

#### Non-current

|                            |              |       |
|----------------------------|--------------|-------|
| Fully paid ordinary shares | <b>1,102</b> | 1,134 |
|----------------------------|--------------|-------|

#### Movement in fully paid ordinary shares

|  |              |       |
|--|--------------|-------|
| Opening balance as at 1 July                     | <b>1,134</b> | 1,174 |
| Shares bought back                               | <b>(34)</b>  | (33)  |
| Shares forfeited                                 | <b>(3)</b>   | (9)   |
| Reinstated shares that were previously forfeited | <b>5</b>     | 2     |
| <b>Closing balance as at 30 June</b>             | <b>1,102</b> | 1,134 |

### 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

|                           | 2024          | 2023   |
|---------------------------|---------------|--------|
|                           | \$'000        | \$'000 |
| <b>NOTE 19 - RESERVES</b> |               |        |
| Asset revaluation reserve | <b>12,066</b> | 12,098 |

### ACCOUNTING POLICY

#### Asset revaluation reserve

The asset revaluation reserve records revaluations of land and buildings.

### NOTE 20 - CAPITAL MANAGEMENT

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

### NOTE 21 - CASH FLOW INFORMATION

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

|  |            |         |
|--|------------|---------|
| Profit / (loss) after income tax                 | (3,766)    | (1,845) |
| Adjustments for:                                 |            |         |
| Depreciation and amortisation expense            | 2,468      | 2,600   |
| Net (gain) / loss on sale of non-current assets  | 268        | 19      |
| Movement in allowance for expected credit losses | (17)       | 11      |
| Remeasurement of lease liabilities               | (201)      | -       |
| Shares (forfeited) / reinstated                  | (2)        | (7)     |
| (Increase) / decrease in:                        |            |         |
| Trade and other receivables                      | 280        | 585     |
| Inventories                                      | 2,036      | 1,462   |
| Prepayments                                      | 25         | 25      |
| Deferred tax assets                              | (27)       | 61      |
| Increase / (decrease) in:                        |            |         |
| Trade and other payables                         | (743)      | (1,301) |
| Provisions                                       | 28         | (276)   |
| Income in advance                                | (50)       | (167)   |
| Cash flow from operations                        | <b>299</b> | 1,167   |

### 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 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 \$232,485. 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)          |
| Rodney Barnaby |                        |
| Robert Preston |                        |
| Louise Clarke  |                        |
| Nick De Groot  |                        |
| Louise Eyres   | (Appointed 21/11/2023) |
| Leesa Bauer    | (Appointed 21/11/2023) |
| Lisa Intemann  | (Retired 21/11/2023)   |

## 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                           |
| Sarah Cunningham  | Corporate Services Manager (Appointed 31/07/2023) |
| Andrew Quibell    | Financial Controller                              |
| Darren Partridge  | Divisional Manager IGA & Liquor                   |
| Carol Leach       | Business Unit Manager                             |
| Judith Standing   | Business Unit Manager                             |
| Lisa Attkins      | Business Unit Manager                             |
| Andrew Baker      | Business Unit Manager (Appointed 18/12/2023)      |
| Adam Farrawell    | Business Unit Manager (Appointed 11/09/2023)      |
| Mark Hayden       | Business Unit Manager (Appointed 17/07/2023)      |
| Joshua Tang       | Business Unit Manager (Resigned 25/08/2023)       |
| Brian Bowers      | Business Unit Manager (Resigned 14/05/2024)       |
| Darcy Carney      | Business Unit Manager                             |

|                              | 2024                    | 2023             |
|------------------------------|-------------------------|------------------|
|                              | \$                      | \$               |
| Short-term employee benefits | <b>1,547,927</b>        | 1,583,680        |
| Post-employment benefits     | <b>156,073</b>          | 147,341          |
| Other long-term benefits     | <b>98,866</b>           | 15,269           |
|                              | <b><u>1,802,866</u></b> | <u>1,746,290</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 2024 amounts totalling \$5,993 (2023: Nil) were paid to Labare Pty Ltd, a director-related entity of Director Rodney Barnaby. The amount paid related to the review of major supplier contracts to the Co-operative.

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

|  | <b>Number</b> | Number |
|--|---------------|--------|
| Aggregate number of shares held                | <b>395</b>    | 439    |
| Aggregate number of shares acquired/(redeemed) | <b>34</b>     | (38)   |

### **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    |                 |                | Total           |
|---------------------------------|-----------------|-----------------|----------------|-----------------|
|                                 | months          | 1 to 5 years    | Over 5 years   |                 |
| <b>2024</b>                     | \$'000          | \$'000          | \$'000         | \$'000          |
| Cash and cash equivalents       | 1,096           | -               | -              | 1,096           |
| Trade and other receivables     | 915             | -               | -              | 915             |
| Bank overdraft                  | (463)           | -               | -              | (463)           |
| Bank loan                       | (5,900)         | -               | -              | (5,900)         |
| Equipment loans                 | (567)           | (1,842)         | -              | (2,409)         |
| Lease liabilities               | (1,461)         | (6,276)         | (6,065)        | (13,802)        |
| Trade and other payables        | (5,128)         | -               | -              | (5,128)         |
| Fully paid ordinary shares      | -               | (1,102)         | -              | (1,102)         |
| <b>Net inflows / (outflows)</b> | <b>(11,508)</b> | <b>(9,220)</b>  | <b>(6,065)</b> | <b>(26,793)</b> |
| <b>2023</b>                     |                 |                 |                |                 |
| Cash and cash equivalents       | 3,100           | -               | -              | 3,100           |
| Trade and other receivables     | 1,195           | -               | -              | 1,195           |
| Bank overdraft                  | (894)           | -               | -              | (894)           |
| Bank loan                       | (200)           | (5,849)         | -              | (6,049)         |
| Equipment loans                 | (859)           | (2,423)         | -              | (3,282)         |
| Lease liabilities               | (1,327)         | (6,279)         | (7,436)        | (15,042)        |
| Trade and other payables        | (5,871)         | -               | -              | (5,871)         |
| Fully paid ordinary shares      | -               | (1,134)         | -              | (1,134)         |
| <b>Net inflows / (outflows)</b> | <b>(4,856)</b>  | <b>(15,685)</b> | <b>(7,436)</b> | <b>(27,977)</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>2024</b>      | 2023   | <b>2024</b>      | 2023   |
|   | \$'000           | \$'000 | \$'000           | \$'000 |
| +1.0% (100 basis points)                    | (7)              | (35)   | (7)              | (35)   |
| -1.0% (100 basis points)                    | 7                | 35     | 7                | 35     |



## 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.

| 2024  | Fair value measurement using                                 |  |  | Total<br>\$'000 |
|---|--|--|--|-----------------|
|   | Quoted prices<br>in active<br>markets<br>(Level 1)<br>\$'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>\$'000 |                 |
| <b><i>Revalued property, plant and equipment</i></b>          |  |  |  |                 |
| Land and buildings  | -  | 17,450   | -  | 17,450          |
| <b><i>Liabilities for which fair values are disclosed</i></b> |  |  |  |                 |
| Bank loans  | -  | 5,900  | -  | 5,900           |
| Equipment loans   | -  | 2,409  | -  | 2,409           |

There were no transfers between Levels 1, 2 or 3 during 2024.

| 2023  |   |        |   |        |
|---|---|--------|---|--------|
| <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.

### 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

|  | 2024           | 2023           |
|--|----------------|----------------|
| The auditor of the Co-operative is NorthCorp Accountants. Fees paid: | \$             | \$             |
| Audit of the statutory financial report                              | 66,070         | 62,800         |
| Internal audit services  | 60,000         | 83,520         |
| Tax compliance   | 11,690         | 9,100          |
| Other assurance and agreed-upon procedures services                  | -              | -              |
|  | <b>137,760</b> | <b>155,420</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 27 - EVENTS AFTER REPORTING PERIOD

Subsequent to the reporting date, Hastings Co-operative Limited closed its Department Store business in High Street, Wauchope.

Hastings Co-operative Limited has entered into a Memorandum of Understanding, and expects to sign a Contract of Sale with Ritchies Stores Pty Ltd in November 2024 for the acquisition of the following supermarkets: Wauchope IGA and Liquor, Timbertown IGA and Liquor, Sovereign Place IGA and Liquor, and Port Macquarie IGA, for a total consideration of \$15 million, plus stock.

The sale is scheduled to be executed no earlier than eight (8) weeks from the contract signing, with the following key arrangements:

- Hastings Co-operative Limited will retain ownership of the land and buildings for Wauchope IGA and Liquor and will lease these premises to Ritchies.
- The liquor licenses currently held by Hastings Co-operative Limited will be transferred to Ritchies, pending approval from the relevant authority.
- All current employees of Hastings Co-operative Limited at the IGA locations will receive offers of employment from Ritchies on terms that are no less favourable than their current conditions, provided their salary ranges are within reasonable industry rates. Employees will retain their tenure of service, along with their entitlements to existing Long Service Leave and Sick Leave.
- Hastings Co-operative Limited will pay all accrued and approved leave entitlements to employees prior to their commencement with Ritchies.

Additionally, Hastings Co-operative Limited has entered into an agreement with Ritchies Stores Pty Ltd regarding rental subsidies for the first 10-year lease term. Under this agreement, Hastings Co-operative Limited is liable to subsidize Ritchies' rent to the extent that it exceeds 3% of Ritchies' revenue. The subsidy will cover two-thirds (2/3) of the amount by which the rent exceeds this threshold.

The total liability under this arrangement is capped at \$2.4 million. As of the date of these financial statements, the actual amount of the contingent liability cannot be reliably estimated, as it is dependent on Ritchies' future revenue and rental expenses.

These developments are expected to enhance the financial position and operational stability of Hastings Co-operative Limited. Further details regarding the impact of these transactions will be disclosed in future financial statements as necessary.

## DIRECTORS' DECLARATION

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

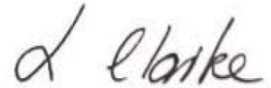
1. In the opinion of the directors:

- (a) the financial statements and notes of the Co-operative for the financial year ended 30 June 2024 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 2024 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: 29 October 2024**

**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 2024, 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 material accounting policy information 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 2024 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.

#### **Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 (Going Concern) in the financial statements, which discloses that as at 30 June 2024, the Co-operative's current liabilities exceeded its current assets by \$9,323,000. This financial position, in conjunction with other factors outlined in Note 1, raises material uncertainty that may cast significant doubt on the Co-operative's ability to continue as a going concern.

Management's assessment relies on the anticipated and timely sale of the Co-operative's supermarket businesses. Should this transaction not proceed as planned, there is a risk that the Co-operative may not be able to realise its assets and settle its liabilities as presented in the financial statements. Therefore, the going concern basis of accounting may not be appropriate, and adjustments may be necessary to reflect alternative valuation assumptions.



**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**

#### **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 2024, 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.

#### **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.



**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**

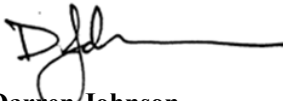
#### **Auditor's Responsibilities for the Audit of the Financial Report (continued)**

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.
- 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**

**Dated: 29 October 2024**

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





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