



ANNUAL REPORT

2016-2017



Notice of GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 108TH ANNUAL GENERAL MEETING OF THE TERANG & DISTRICT CO-OPERATIVE LIMITED WILL BE HELD IN THE CO-OP BOARDROOM, 1ST FLOOR, 30-38 HIGH STREET, TERANG ON WEDNESDAY JUNE 28TH 2017 AT 11.00AM

DIRECTORS

Mr Brendan Kenna
Mr Matthew Henderson
Mrs Vicki Whiting
Ms Linda Kenna
Mr Nigel Bruckner
Mr David Rae
Mr Geoff Barby

Chairman's REPORT

ON BEHALF OF THE BOARD OF DIRECTORS OF THE TERANG AND DISTRICT CO-OPERATIVE LIMITED, I AM PLEASED TO PRESENT THE 2016-2017 ANNUAL REPORT.

Despite the very challenging trading conditions over the last 12 months the Board is very pleased to be able to report that your Co-op has been able to record a profit before tax of \$153,786. This is a small increase on the previous year which shows the underlying strength of the business considering the difficult economic climate.

For the second year running we have been able to achieve sales in excess of \$23m, which is very pleasing and shows the long term strategic decisions taken have placed the business on a very sound footing.

CHIEF EXECUTIVE OFFICER

Mr Kevin Ford

FINANCE & BUSINESS MANAGER, SECRETARY

Mr Damien Ryan

BUSINESS

1. To confirm the Minutes of the 107th Annual General Meeting held on 29th June 2016
2. To receive and adopt the Financial Statements, Directors' Report and Auditor's Report for the year ending February 28th 2017
3. To elect Directors
4. To receive the Chairman's Report
5. To receive the Chief Executive Officer's Report
6. To review remuneration of Directors
7. General Business



By order of the Board

DAMIEN RYAN

Co-operative Secretary

On the rural front it looks like prospects are much brighter for our members in the dairy farming community. We will, as always, be here to support them, and all members, through the variables of life, business and community.

Our dairy services division continues to grow and new services, such as water pump sales and repairs, are now offered. This gives members the opportunity to have purchases or repairs done locally and promptly. Likewise, the rural store is there to service and support our members as well. The hardware sector also felt the slow down in economic activity but we continue to increase our offer to cater for our members in the trades sector as well as those of our general clientele. The supermarket continues to perform very well providing a firm base for our business activities.

As you are all aware, at our last annual meeting our General Manager, Mr Charlie Duynhoven,

announced he would be retiring this year after 43 years of loyal and dedicated service, 18 of which were as General Manager of the Co-op. The Board would like to acknowledge our sincere debt of gratitude for his dedication and leadership of our co-operative.

We wish Charlie well in his future endeavours and hope he enjoys his well earned retirement.

We also farewelled Mr Kevin Noonan who has worked at the Co-op for 33 years. The Board felt the commitment of staff who dedicate 30 plus years to the Co-op deserved recognition with a token of appreciation from the Board.

With the recent retirements of Mrs Jenny Fowler, with 32 years of service, and Mr Lindsay Hill, 43 years of service, as well as Kevin's, a presentation was held to mark these outstanding achievements.

Continued next page...



Chairman's REPORT continued

The Board thanks these staff for their dedication and commitment to our co-operative.

"Nothing is as constant as change" so the adage goes. With the imminent retirement of our General Manager, the Board, with the assistance of Mr Robert Lane, undertook an extensive recruitment drive Australia wide to get the best possible candidate. I would like to take this opportunity to thank Robert for his invaluable assistance and professionalism and also to Charlie for his co-operation throughout this process. They always had the best interests of the Co-op as their ultimate aim. Likewise, the assistance of our Finance & Business Manager, Mr Damien Ryan, in taking over the management role while we were in transition and keeping a "business as usual" approach, was much appreciated.

The Board were very happy to announce the appointment of Mr Kevin Ford to the position of Chief Executive Officer of our Co-op. We welcome him and his wife Glenice into our community and trust they will enjoy their time here.

As we are a co-operative, we know it is all about our community and you can rest assured that the Board will always strive to put our members and the community first. To that end we have distributed \$59,662 to many local community and sporting clubs in the form of sponsorship and donations. These organisations are the very fabric of our community and set us apart as a district. We are very proud to be able to help these many local organisations continue to be of service to the members of our community.

We all know the challenges that we face in a rural area and your Board are focused on trying to promote our area and district to the benefit of all.

As things change your Board will endeavour to investigate and seek out opportunities to be better able to meet our members' and the general public's needs. We continue to attract new members and have welcomed 106 new members this year. In the last 12 months we have rewarded our members with benefits of \$184,333 for loyally shopping and supporting our Co-op. We also continue to offer discounts to seniors to reward those members of our community who have done so much that we now get to enjoy.

I would like to take this opportunity on behalf of the Board to thank our management team and staff for all their efforts throughout the year and the ongoing commitment to deliver the best possible service to our community.

I would also like to thank the Board members for all their efforts throughout the year and acknowledge the support of the Board in my first year as chairman. We welcomed Mr Geoff Barby to the Board to fill the vacancy left by the retirement of Mr Wayne Johnstone and appreciate the attributes he has brought to the Board.

Finally, I would like to thank our members and the general public for supporting your Co-op throughout the year. It is only through your support and patronage that we still continue to prosper and grow. As we enter our 110th year and reflect on the great achievements of our Co-operative so far we look forward to the future with great confidence.

Thank you.

BRENDAN KENNA
CHAIRMAN



CEO's REPORT

I AM VERY PLEASED TO REPORT TO MEMBERS ANOTHER HEALTHY YEAR OF TRADING WITH GREAT SUPPORT PROVIDED BY YOU, OUR MEMBERS AND CUSTOMERS.

Despite a downturn in the Dairy Sector revenue was strong, finishing just over the \$23m mark. Control of both operating expense and margin delivered a solid bottom line profit. A strong focus on stock management and control negated any requirement for major stock write-downs similar to those in the previous financial year. The \$153,786 profit result, together with good planning for the future at board and management level, will provide members with a strong level of confidence in the future of this business.

All our business segments, via the supermarket, hardware, rural supplies and dairy service stores, made further inroads into consolidating their operations in the past year.

The supermarket continues to lead our business activities each year. Our Supa IGA store continues to perform well despite strong competition within an easy drive of Terang. Continued growth in sales to in excess of \$11.9m confirms the strength of the Supa IGA business and exhibits the value to the community of attracting such a high daily traffic flow to the town. We continue to encourage our members to shop locally and in this regard we introduced a more convenient form of shopping by way of the internet in June 2016. Since then we have seen growth in our online shopping platform through the year.

Home delivery is the most favoured of our online business but our "click & collect" option is certainly showing good growth with an average higher dollar spend. This introduction into a new technology has been both exciting and rewarding for us all and maybe is just opening a door to bigger things in future. We remain gratified that our store is seen as a great place to shop and, more often, to catch up with neighbours and friends too. I wish to take this opportunity to thank Paul Bailey and all his team on another great year in our Supa IGA store.

The Co-op's CRT Rural Supplies store was recognised amongst its peers as a finalist in the CRT State Store of the Year Award and was a CRT National Community Award Finalist in 2016/17. We are extremely proud of Trevor and his team's achievement in reaching this standard. The reduction in milk payments to local dairy farmers had a flow on effect with CRT sales finishing the year at \$2.9m, down on the previous year's sales of just over \$3m. The bleak mid-year trading period took away any chances of achieving improved sales in total.

Our Dairy Services Division completed another satisfactory year considering the previously mentioned downturn in the dairy sector. Peter and our Dairy Services team of qualified and committed technicians continued to service our loyal customer base both in the dairy and plumbing industries within the region. With 2016/17 being one of the more difficult times in the dairy industry, we have continued to service our farmer members to the best of our abilities whilst looking to grow our business through maintenance and dairy upgrades. The Co-op will continue to invest and build our dairy business. The Co-op has completed a review process of its Dairy Service operation and is keen to expand its customer base and catchment area in what

is a competitive market with recent volatility. Achieving such expansion will vastly strengthen our dairy services offer and, in turn, will add profitability to the bottom line of the Co-op.

Both Home Timber & Hardware Stores, in Terang & Camperdown, have continued to enhance their operations by managing sales, stock and staff more efficiently. With co-operation from Home Timber & Hardware Head Office we were able to install new timber racking in Camperdown. The new racking has really enhanced our offer and at the same time considerably reduced our risks within the premises. The site is far tidier and presents a vastly improved professional timber offer today. Our benchmark comparisons with other hardware stores and our sales in excess of \$6.2m indicate that our model is working and welcomed by members and customers.

The purchase of the Home Timber & Hardware brand by Metcash (Mitre 10) in October 2016 will bring about further change in the home improvement industry across Australia. At the time of writing we do not have any indication of what that change may be or how it may affect the Terang and Camperdown businesses. Previous experience tells me that whatever the change may bring there should be little effect on the day to day operations of our businesses. It is more likely that we will see better buying opportunities and, consequently, maybe slightly better gross margins. Whatever that result is it will certainly put our hardware businesses in a better position to compete with Bunnings and give us the opportunity to extract more of the potential from our existing market.

Whilst we are satisfied with the achievements this past year, we are highly aware of the need to continually challenge our operations

and improve what we do. We are confident that members will see further improvements over the next 12 months in these businesses.

Once again we were pleased with your support of our annual members' week celebration where we partnered with our suppliers to provide great deals to reward our loyal members. The overwhelming feedback encourages us to continue to support our community, to reinforce the value of being a member and to recognize the support we see when the Co-op is used for shopping locally.

The Co-op team continues to work diligently and co-operatively to deliver to your needs. As the business grows, the workload increases and so does the complexity, so we are conscious of the need to continually invest in training and also bring in expert support where necessary to assist the team. We appreciate the Board's support and guidance and, with the management group and team members throughout the whole business all working well together, I record my appreciation for all their efforts. It is a team I am extremely proud to be part of.

In conclusion, a big thankyou to you all, as loyal customers and members of the Co-op, for the welcome to Terang. It is an exciting and motivating challenge to continue to take this business to new levels with prudent investment and developing business opportunities for the long term future of the co-operative and the community. Along with the management team, I look forward to 2018 and beyond in building on the strengths of the Co-op.



KEVIN FORD
CHIEF EXECUTIVE OFFICER

Directors' REPORT

YOUR DIRECTORS PRESENT THEIR REPORT ON THE CO-OPERATIVE FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017.

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

Mr Brendan Kenna – Chairman

Mr Matthew Henderson

– Deputy Chairman

Mr Wayne Johnstone

– resigned June 2016

Mrs Vicki Whiting

Ms Linda Kenna

Mr Nigel Bruckner

Mr David Rae

Mr Geoff Barby

– appointed October 2016

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

DIRECTORS' MEETINGS

Directors meeting attendance for the year was as follows:

Director	Attended	Eligible
Brendan Kenna	11	11
Matthew Henderson	8	11
Nigel Bruckner	9	11
Wayne Johnstone	3	4
Vicki Whiting	11	11
Linda Kenna	11	11
David Rae	10	11
Geoff Barby	3	4

Directors also participate in sub-committees that meet periodically to work through more detailed activities to streamline board meetings. Recommendations from these committees are reported to the full board for consideration.

Finance & Risk Committee:

David Rae (Chair), Nigel Bruckner, Brendan Kenna

Management Review Committee:

Brendan Kenna (Chair), Matthew Henderson

Facilities & Infrastructure Committee

Vicki Whiting (Chair), Geoff Barby, Linda Kenna

RESULT

The net operating profit of the Terang & District Co-operative Ltd for the financial year, after providing for income tax, was \$108,109 (\$97,434 in 2016).

ACTIVITIES

The principal activities of the Co-operative in the course of the year, have been to retail food and general merchandise, provide dairy services and otherwise carry on the business of trading under the Co-operatives National Law Application Act 2013. No significant change in the nature of these activities occurred during the year.

EVENTS SUBSEQUENT TO

BALANCE DATE

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

LIKELY DEVELOPMENTS

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

ENVIRONMENTAL ISSUES

The Co-operative's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

DIVIDENDS

No dividends have been declared for the year ended 28 February 2017.

INDEMNIFYING OFFICERS OR AUDITOR

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Co-operative.

PROCEEDINGS AGAINST THE CO-OPERATIVE

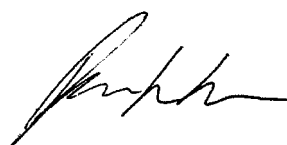
No person has applied for leave of Court to bring proceedings on behalf of the Co-operative or intervene in any proceedings to which the Co-operative is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings.

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 is included in the full financial report.

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



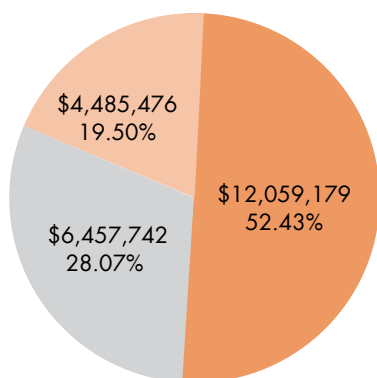
BRENDAN KENNA (CHAIRMAN)

Signed at Terang, this 31st day of May 2017.



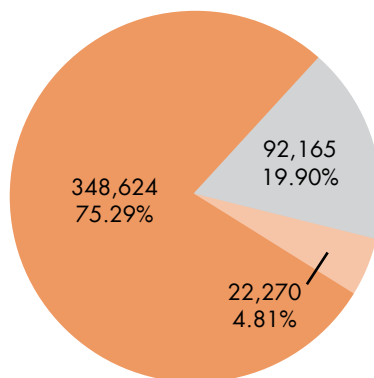
The 2016-2017 year AT A GLANCE

REVENUE SHARE

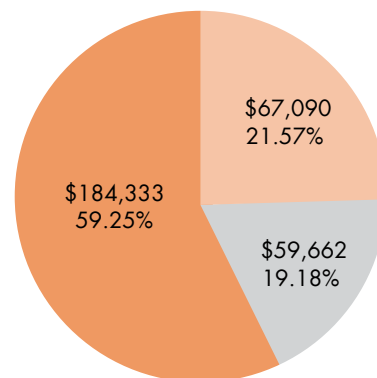


- HOME Hardware & Timber
- CRT Rural & Dairy Services
- IGA Supermarket

CUSTOMER VISITS

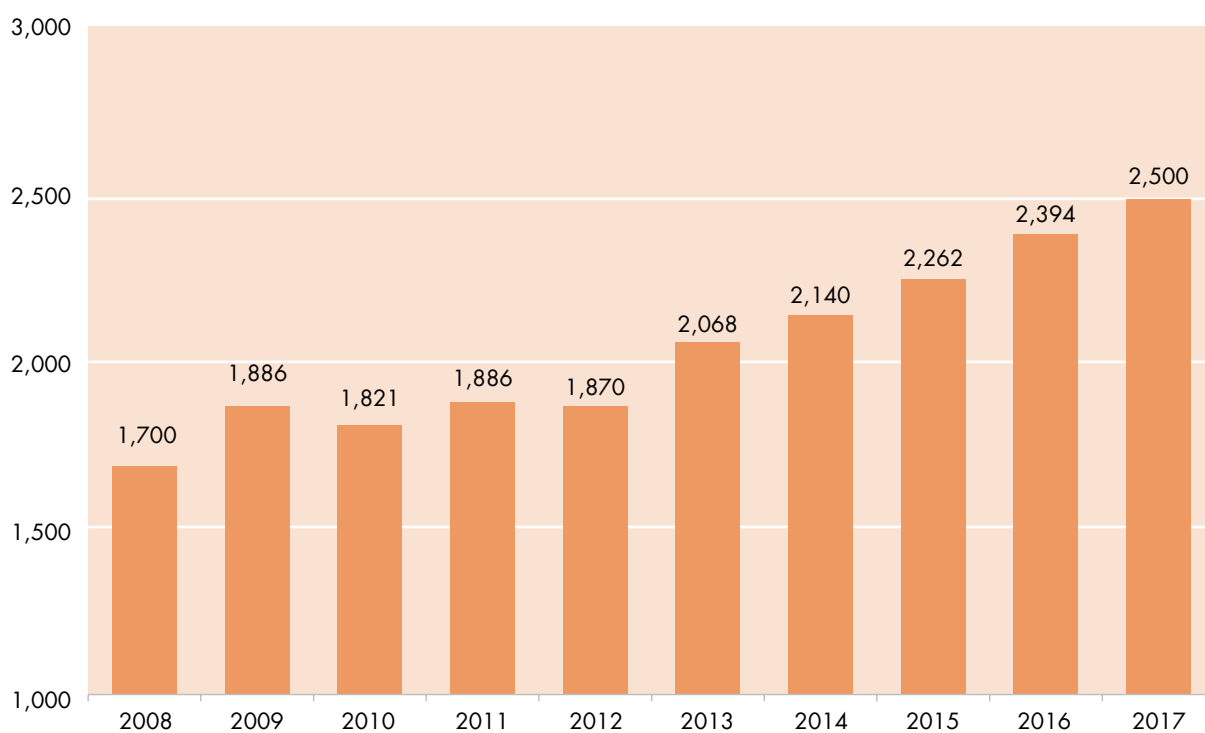


BENEFITS DISTRIBUTED



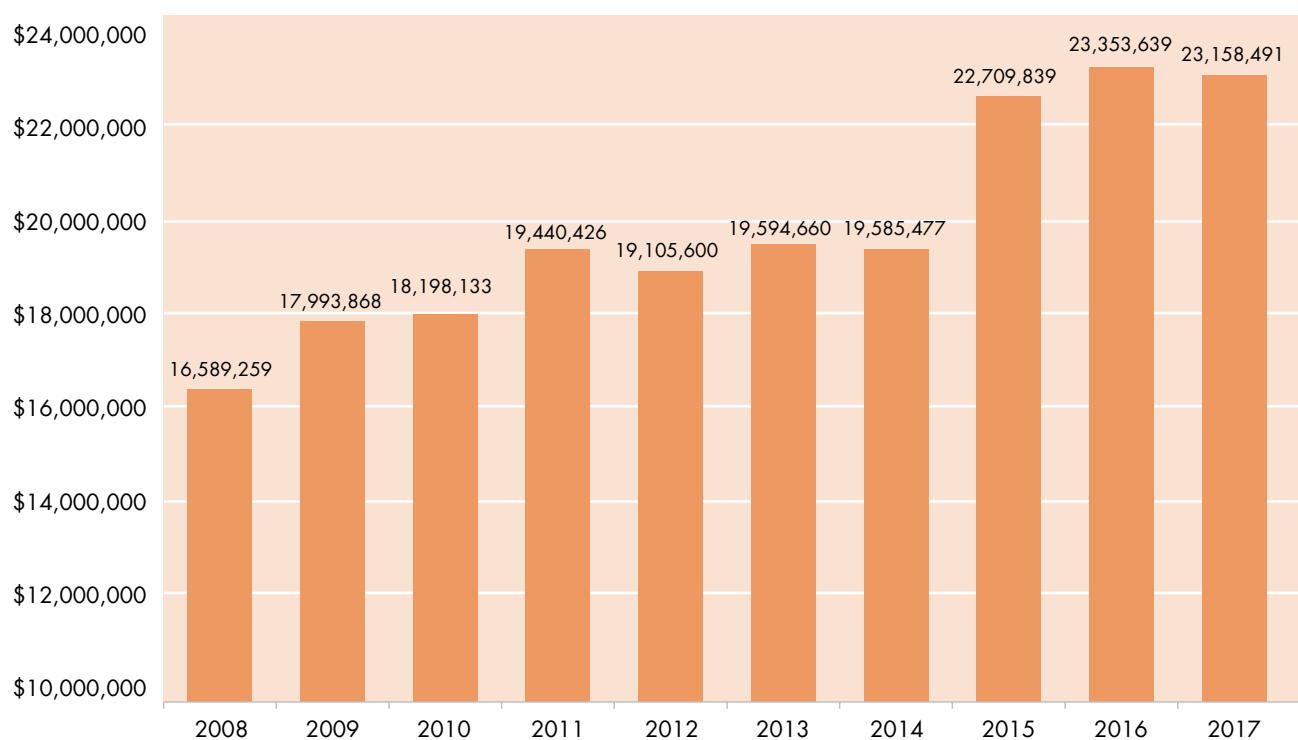
- Sponsorships & Donations
- Discounts for Seniors, Hospitals & Staff
- Member Rewards

MEMBERSHIP NUMBERS

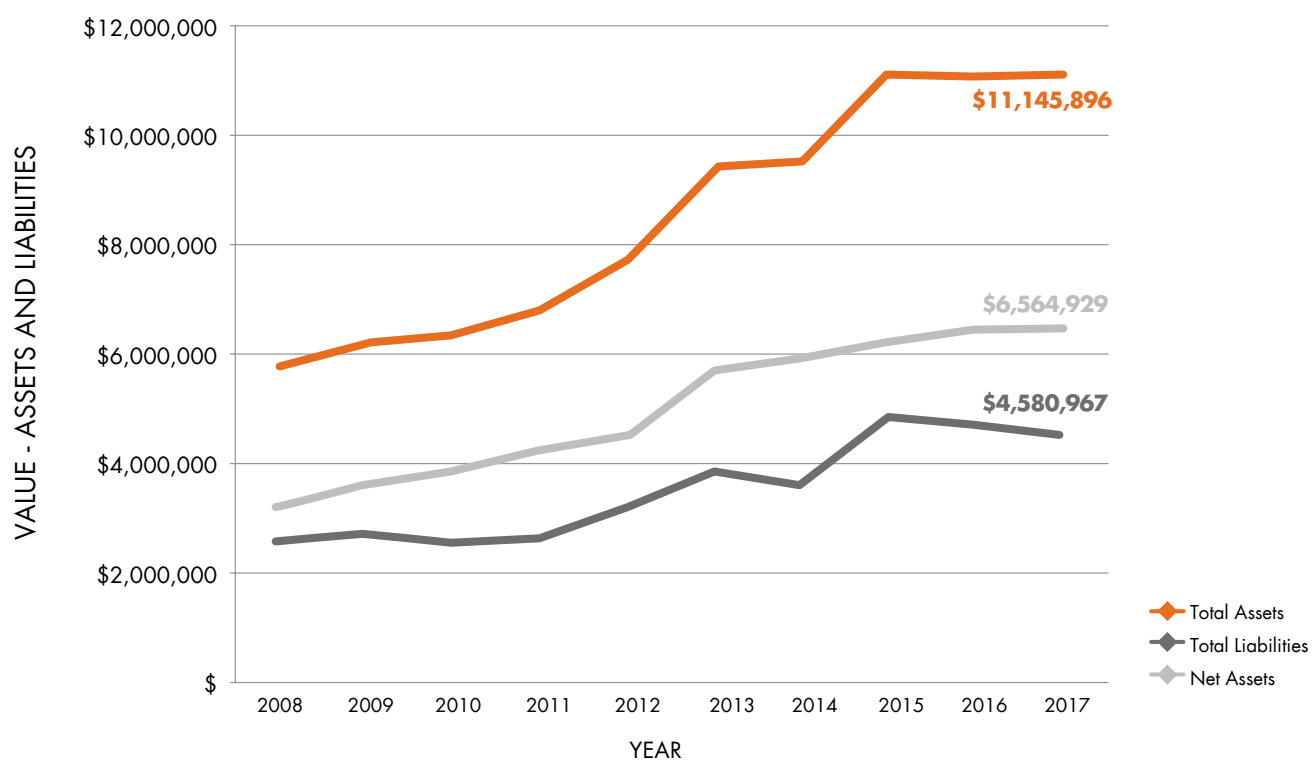


The 2016-2017 year AT A GLANCE

CONSOLIDATED REVENUE



ASSETS COMPARED TO LIABILITIES



Managers' COMMENTS

PAUL BAILEY



THE PAST TWELVE MONTHS HAVE CHALLENGED US AS A BUSINESS, WITH THE NORMAL PRESSURES OF KEEPING COST OF DOING BUSINESS TO A MINIMUM.

We also had the dairy sector downturn on top of this to deal with. So, to achieve sales of \$11.92m, up 1.1% on last year, and to finish with a positive result, has been a great effort by everyone.

We could not have achieved this without the support of our members and customers, so I would like to thank them for their loyalty. This has played a big part in having a successful year.

We are continually trying to improve our business. One of the things we have done was to launch our online shopping. This has given our customers another way to shop our store. There are two ways customers can use this online service. They can place an order online and be able to pick it up within two hours or have the order placed by 11am for same day delivery in Terang.

Another big achievement we had was winning the state Retail

Excellence Award for outstanding customer service. To achieve this we had to have a better offer than 114 other Supa IGA stores throughout Victoria. Although we did not take out the national title we are still very proud of achieving this award for our state.

And speaking of service, we said good bye to Kevin Noonan after 33 years of dedication to the Co-op. Kevin worked in a variety of departments throughout his time at the Co-op. His friendly face will be surely missed around the Co-op. As one chapter closes another starts with Kimberly Sheen joining the Co-op as a front-end operator. Kimberly is enjoying her role at the front of the store.

I would like to thank my staff for their continued support and commitment. The tasks they perform every day helps make this the successful business that it is today. And, on a personal note, I would like to thank Charlie Duynhoven for his support and guidance over the past 18 years or so he was the Co-op General Manager. His knowledge, leadership and support has helped me in my role with the Co-op.

TREVOR DOWD



ANOTHER 12 MONTHS HAVE PASSED US BY AND THAT TIME HAS HAD ITS HIGHS AND LOWS.

That our Terang CRT store was nominated for two CRT awards this year was a definite high. We were nominated for the Vic/Tas region CRT store of the year and for the National CRT Community store of the year. Unfortunately, we did not win either award but to be nominated was a win for us and shows that we are doing the right things within the industry.

On the low side in the past year, the effects of the low milk price has hurt everyone but the signs are looking better for the coming

season and I believe that everyone will have come through the experience stronger on the other side. It shows the resilience of our members to adapt to whatever is thrown their way.

Our store has had another strong trading year thanks to you, our fantastic members, and on behalf of Jon, Paddy and myself we would like to thank each and every one of you and trust that together we will have an even better 2017/18 year. We hope that each time we have had contact with you this year it has been a rewarding and enjoyable experience for you and we look forward to continuing to service your needs into the future.

Managers' COMMENTS

MICK SAVORY



CAMPERDOWN



A YEAR OF CHANGE FOR THE CO-OP. ON THE ONE HAND, WE THANK CHARLIE DUYNHOVEN FOR A LIFETIME OF SERVICE WHILE WITH THE OTHER WE WELCOME OUR NEW CEO, KEVIN FORD.

We are very fortunate to secure a new CEO who has experience with the mechanics of a Co-operative.

This year in Camperdown has seen the erection of a new pigeon hole rack in the yard. This has enabled us to expand our timber yard range, increase our quantities and better care for our stock. We also erected a cantilever rack to accommodate our cement sheet products. This will allow for much easier loading

and unloading of product. Thanks go to the Home Hardware group for their support.

Opportunity lies ahead. The purchase by Metcash of the Home Hardware group has brought Mitre 10, True Value, Home Hardware and Thrifty link under the banner of the Independent Hardware Group. I expect this year to see the benefits of the increased buying power and increased opportunities to flow through.

I would like to thank the Camperdown community for their support during the last year. I would also like to thank my staff for their efforts and wish all members the best for the coming year.

PETER CLARK

TERANG CO-OP DAIRY SERVICES



THE PAST 12 MONTHS HAVE SEEN ANOTHER YEAR OF GROWTH FOR DAIRY SERVICES, BOTH IN SALES AND CLIENT NUMBERS.

Although hit by a slump in business activity during the year, especially following the milk price announcement, we have rebounded in recent months. As a result, our Dairy Services team has been busy with milking equipment installations, disc mills, feed systems, steel fabrication and sheet metal production. This is in addition to all our normal shed testing and service work.

The Grundfos pump business is proving to be a winner and has been a valuable addition for farmer and plumbing members alike.

I would like to take this opportunity to thank Scott, Wayne, Gerard and Darryl for their ongoing support and professionalism, in

delivering service to our valued members. I would also like to note that we welcomed Jeremy Chard to the Dairy Services team in November 2016.

The next 12 months will be an exciting one. We see positivity in the dairy farming sector and we are confident our Dairy Services will see solid business activity going forward. We have recently advertised for another technician in anticipation of improved demand, enabling us to provide an enhanced service and additional support to our dairy farmer members. This further displays our ongoing commitment to the local dairy industry.

The Dairy Service team sincerely thanks all our members for their business over the past year, offers a warm welcome to all the new members, and looks forward to being of service over the coming 12 months.

Managers' COMMENTS

GARY BLAIN



TERANG



DUE TO THE DEVASTATING IMPACT THE DROP IN MILK PRICES HAD ON OUR FARMERS AND LOCAL BUSINESSES, OUR STORE SALES DID DROP IN 2016-17.

In our downtime at the store we were able to refresh some of our product ranges, by deleting old stock and introducing new items and new suppliers to improve our offer to our members and customers. I am optimistic that 2017-18 will be a better year.

Our main focus going forward is to ensure our members and customers get the best possible advice and service when visiting our hardware store. Our staff are constantly updating their skills and product knowledge to be able to serve our customers better.

We have welcomed some valuable new staff members to

our team, including Chris Philp, Dale O'Connor and Nathan Barbary who is completing his gap year with us. I would like to thank all current and past staff for their efforts over the past twelve months. Of note, I record my thanks to Charlie Duynhoven, our recently retired General Manager, for his assistance to me in our time together at the Co-op.

This year again we opened the Pop-Up shop in Johnstone Court which showcased our range of outdoor furniture. I would like to take this opportunity to thank the members of the Co-op for supporting this idea.

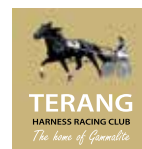
The support we receive from members, trade and retail customers is vital to the success of your local hardware store and we thank you for your continued support.

Supporting our COMMUNITY

THE TERANG CO-OP IS PROUD TO HAVE SUPPORTED MANY COMMUNITY GROUPS IN 2016-17



Terang Racing Club



- Camperdown Golf Bowls Club
- Camperdown Bowling Club
- Cobden Football Netball Club
- Cooyinda Terang
- East Framlingham Golf Club
- Emu Creek Pony Club
- Gala Night Trailer Stock
- Garvoc Fire Brigade
- Garvoc Public Hall
- May Noonan Hostel

- Murray to Moyne
- Mortlake Cricket Club
- Noorat Gun Club
- Noorat Primary School
- Noorat Show
- Rotary Club of Terang
- Simpson Football Netball Club
- St Thomas Primary School
- Terang Bowling Club
- Terang Cricket Club

- Terang Golf Club
- Terang Kinder
- Terang Lions Club
- Terang Op Shop
- Terang R.S.L.
- Terang Tornadoes Basketball Club
- Terang Walking Group
- The Sisters Community Hall
- Warrnambool & District Food Share

2016-2017 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
DIRECTORS' DECLARATION FOR THE YEAR ENDED
28 FEBRUARY 2017.

DIRECTORS' DECLARATION

The directors of the Co-operative declare that the Concise Financial Report for the year ended 28 February 2017, including the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Notes to the financial report:

(a) comply with Accounting Standard AASB 1039 Concise Financial Reports; and

(b) is an extract from the full financial report for the year ended 28 February 2017 and has been derived from, and is consistent with, the full financial report of Terang & District Co-operative Limited.

This declaration is made in accordance with a resolution of the Board of Directors.



BRENDAN KENNA
(CHAIRMAN)

Signed at Terang, this 31st day of May 2017.

The concise financial report is an extract from the full financial report for the year ended 28 February 2017. The financial statements and disclosures in the concise financial report have been derived from the 2017 Financial Report of Terang & District Co-operative Limited. A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request.

The discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on Terang & District Co-operative Limited financial statements and the information contained in the concise financial report has been derived from the full 2017 Financial Report of Terang & District Co-operative Limited.

INCOME STATEMENT

The profit before income tax for the year is \$153,786 representing an increase of \$16,562 on the \$137,224 profit for last year. Situated in the rural setting that it is, the Co-op was affected by the depressed economic conditions that pervaded the dairy farming sector for much of the 2017 financial year. Revenue in the Rural segment, including the CRT Rural store and Dairy Services, was solid and held up reasonably well, being 3% up on 2016, despite the local economic conditions and the negative effect of the season on harvest related sales. Improved confidence towards the

end of the 2017 financial year led to improved activity in Dairy Services. Overall, the Rural segment's 2017 result was similar to that of 2016. In the Hardware segment, including both hardware stores, 2017 revenue was 7% down on 2016 showing that the effect of the local economic and seasonal conditions extended into local trades and construction activity. Improved stock management helped to reduce losses and resulted in a better profit result than last year. The Supermarket segment was again a solid performer in 2017, following up a good 2016, and essentially maintained sales and profit despite local trading conditions.

BALANCE SHEET

Late in the financial year there was an upswing in Rural segment activity that contributed to an upturn in stock, receivables and payables. Plant and equipment acquisitions in the 2017 financial year were only slightly less than 2016. Acquisitions focussed on stock handling, vehicles, technology and security. Loan debt reductions of \$305,000 were voluntarily made during the 2017 financial year.

CASH FLOW STATEMENT

The Co-op's cash flow was again solid in 2017. Trading cash flows and a cash balance reduction funded plant and equipment acquisitions and debt reduction.

2016-2017 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 28 FEBRUARY 2017.

STATEMENT OF COMPREHENSIVE INCOME

	2017 \$	2016 \$
Revenue	23,158,491	23,353,639
Changes in inventories	(164,252)	(259,226)
Purchases of inventories	(17,388,718)	(17,631,496)
Employee benefits expense	(3,717,000)	(3,678,576)
Depreciation expense	(300,296)	(317,052)
Finance costs	(53,926)	(72,526)
Other expenses	(1,380,513)	(1,257,539)
Profit before income tax	153,786	137,224
Income tax expense	(45,677)	(39,790)
Profit for the financial year	108,109	97,434
Other comprehensive income		
Revaluation of land and buildings	-	110,283
Revaluation gain/(loss) on available-for-sale assets	(3,645)	(10,626)
Total comprehensive income for the year	104,464	197,091

The accompanying notes form part of these financial statements

2016-2017 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 28 FEBRUARY 2017.

BALANCE SHEET

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents		106,980	321,923
Trade & other receivables		1,414,815	1,290,317
Inventories		4,075,579	3,911,327
TOTAL CURRENT ASSETS		5,597,374	5,523,567
NON-CURRENT ASSETS			
Financial assets		51,266	56,445
Property, plant and equipment	3	5,316,915	5,382,881
Deferred tax assets		180,341	166,775
TOTAL NON-CURRENT ASSETS		5,548,522	5,606,101
TOTAL ASSETS		11,145,896	11,129,668
CURRENT LIABILITIES			
Trade and other payables		2,199,535	1,992,704
Other liabilities		87,846	75,162
Interest bearing liabilities	4	253,000	-
Tax liabilities		43,141	48,486
Provisions		497,277	467,689
TOTAL CURRENT LIABILITIES		3,080,799	2,584,041
NON-CURRENT LIABILITIES			
Interest bearing liabilities	4	845,100	1,403,100
Tax liabilities		643,758	673,136
Provisions		11,310	13,066
TOTAL NON-CURRENT LIABILITIES		1,500,168	2,089,302
TOTAL LIABILITIES		4,580,967	4,673,343
NET ASSETS		6,564,929	6,456,325
EQUITY			
Contributed equity		151,054	146,914
Reserves		2,137,445	2,141,090
Retained profits		4,276,430	4,168,321
TOTAL EQUITY		6,564,929	6,456,325

The accompanying notes form part of these financial statements

2016-2017 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 28 FEBRUARY 2017.

STATEMENT OF CHANGES IN EQUITY

	Contributed Equity \$	Retained Surplus \$	Revaluation Surplus \$	Financial Asset Revaluation Reserve \$	Total \$
Balance at 1 March 2015	140,464	4,070,887	1,998,905	42,527	6,252,783
Surplus for the year	-	97,434	-	-	97,434
Other comprehensive income	-	-	110,283	(10,625)	99,658
Shares issued/(redeemed)	6,450	-	-	-	6,450
Balance at 29 February 2016	146,914	4,168,321	2,109,188	31,902	6,456,325
Balance at 1 March 2016	146,914	4,168,321	2,109,188	31,902	6,456,325
Surplus for the year	-	108,109	-	-	108,109
Other comprehensive income	-	-	-	(3,645)	(3,645)
Shares issued/(redeemed)	4,140	-	-	-	4,140
Balance at 28 February 2017	151,054	4,276,430	2,109,188	28,257	6,564,929

The accompanying notes form part of these financial statements

2016-2017 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 28 FEBRUARY 2017.

STATEMENT OF CASH FLOWS

	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	23,045,025	23,672,320
Payments to suppliers and employees	(22,577,279)	(23,284,921)
Finance costs	(53,926)	(72,526)
Income tax paid	(92,432)	8,177
Net cash provided by / (used in) operating activities	321,388	323,050
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant & equipment	(235,471)	(246,008)
Net cash (used in) investing activities	(235,471)	(246,008)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(305,000)	(152,000)
Proceeds from share issue	5,700	6,600
Payment for shares redeemed	(1,560)	(150)
Net cash provided by / (used in) financing activities	(300,860)	(145,550)
Net increase / (decrease) in cash held	(214,943)	(68,508)
Cash and cash equivalents at beginning of year	321,923	390,431
Cash and cash equivalents at end of year	106,980	321,923

The accompanying notes form part of these financial statements

2016-2017 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 28 FEBRUARY 2017.

NOTE 1: BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The concise financial report is an extract from the full financial report for the year ended 28 February 2017. The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports, the Co-operatives National Law Application Act 2013 and the Corporations Act 2001.

The financial statements, specific disclosures and other information included in the concise financial report are derived from, and are consistent with, the full financial report of Terang & District Co-operative Limited. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Terang & District Co-operative Limited as the full financial report. A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request.

The financial report of Terang & District Co-operative Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. The presentation currency used in this concise financial report is Australian dollars.

NOTE 2: SEGMENT INFORMATION

(a) Description of segments

The Co-operative has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

(b) Segment information provided to the board of directors

The segment information provided to the board of directors for the reportable segments is as follows:

Hardware		Rural		Supermarket		Administration		Total	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total segment revenue									
6,457,742	6,942,148	4,485,476	4,343,445	12,059,179	11,909,682	156,094	158,364	23,158,491	23,353,639
Total segment expenses									
(6,451,028)	(6,982,471)	(4,562,178)	(4,410,674)	(11,835,405)	(11,664,906)	(156,094)	(158,364)	(23,004,705)	(23,216,415)
Operating result before tax									
6,714	(40,323)	(76,702)	(67,229)	223,774	244,776	-	-	153,786	137,224
Segment assets									
2,023,939	1,992,519	1,220,073	1,027,742	872,567	891,066	7,029,317	7,218,341	11,145,896	11,129,668
Segment liabilities									
-	-	-	-	-	-	4,580,967	4,673,343	4,580,967	4,673,343

2016-2017 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 28 FEBRUARY 2017.

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	2016 \$	2015 \$
Land - at valuation 29 February 2016	1,470,000	1,470,000
Land improvements at cost	-	-
Total Land	1,470,000	1,470,000
Buildings - at valuation 29 February 2016	2,845,000	2,845,000
Accumulated depreciation	(73,333)	-
	<u>2,771,667</u>	<u>2,845,000</u>
Buildings - at cost	28,649	-
Accumulated depreciation	(8,828)	-
	<u>19,821</u>	<u>-</u>
Buildings - leasehold improvements	56,769	56,769
Accumulated depreciation	(31,053)	(18,071)
	<u>25,716</u>	<u>38,698</u>
Total Buildings	2,817,204	2,883,698
Plant & Equipment - at cost	3,045,985	2,924,357
Accumulated depreciation	(2,218,411)	(2,048,008)
Total Plant & Equipment	827,574	876,349
Motor Vehicles - at cost	498,203	444,470
Accumulated depreciation	(325,648)	(255,564)
Total Motor Vehicles	172,555	152,834
Works in progress	29,582	-
	5,316,915	5,382,881

NOTE 4: BORROWINGS

	2017 \$	2016 \$
Current		
Bank loan - secured (a)	253,000	-
Non Current		
Bank loan - secured (a)	845,100	1,403,100
Total borrowings	1,098,100	1,403,100

(a) Secured liabilities

All credit facilities with the Commonwealth Bank of Australia are secured by a first registered mortgage over the properties situated at 30-38 High Street and 4 Baynes Street Terang. Loans are also secured by equitable charge over the assets of the business.

Audit REPORT

INDEPENDENT AUDITOR'S
REPORT TO THE MEMBERS OF
TERANG AND DISTRICT
CO-OPERATIVE LIMITED

OPINION

We have audited the concise financial report of Terang and District Co-operative Limited (the Co-operative), which comprises the balance sheet as at 28 February 2017, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and related notes, derived from the financial report of Terang and District Co-operative Limited for the year ended 28 February 2017 and the discussion and analysis.

In our opinion, the accompanying concise financial report, including the discussion and analysis of Terang and District Co-operative Limited, complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

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* section of our report. We are independent of the Co-operative in accordance with the auditor independence requirements of the *Corporations Act 2001* and *Co-operatives National Law Application Act 2013* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the concise 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.

CONCISE FINANCIAL REPORT

The concise financial report does not contain all the disclosures required by the Australian Accounting Standards in the preparation of the financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a

substitute for reading the financial report and the auditor's report thereon.

THE FINANCIAL REPORT AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the financial report in our report dated 31 May 2017.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONCISE FINANCIAL REPORT

The directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONCISE FINANCIAL REPORT

Our responsibility is to express an opinion on whether the concise financial report, in all material respects, complies with AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with AASB 1039 *Concise Financial Reports* based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

COFFEY HUNT
CHARTERED ACCOUNTANTS



C.J. KOL
PARTNER

Dated at Warrnambool,
31st May 2017.

Liability limited by a scheme
approved under
Professional Standards Legislation.



tc **TERANG**
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