



TERANG & DISTRICT CO-OPERATIVE LIMITED
ANNUAL REPORT
2020-2021



Giving back to the community since 2nd July 1908

Your Board of Directors



GEOFF BARBY - CHAIRMAN

Geoff joined the Terang Co-op Board in September 2016. He serves on all the Co-op's committees, being the Finance & Audit Committee, the Strategy & Risk Committee and the Governance Committee. Geoff is now retired but his last full-time occupation was in risk management with Powercor following service with the former State Electricity Commission. Geoff has also served on the Terang College School Council and the Terang-Mortlake Health Service Board.



NIGEL BRUCKNER

Nigel joined the Board in early 2011. He chairs the Finance & Audit Committee. Nigel is currently a director at Silvan Ridge Business Advisers after many years operating his own accounting practice, Bruckner & Associates. Nigel has also served on the Terang-Mortlake Health Service Board.



ROB DURANT

Rob's current term on the Board started in October 2018 but he also served on the Board from 2007 to 2014. He serves on the Strategy & Risk Committee. Rob, a qualified agronomist, is semi-retired and works as a casual teacher, in agriculture, with South West TAFE. Rob is currently involved with local community organizations such as the Terang Cemetery Trust and the Terang Racing Club.



ELIZABETH GREEN

Elizabeth joined the Board in March 2020. She serves on the Finance & Audit Committee. Elizabeth is currently the chief operating officer at Lyndoch Living Ltd and, prior to that, was the chief financial officer at Mpower Inc. Elizabeth has also served in a variety of other community organizations in the local community.



BRENDAN KENNA

Brendan joined the Board in late 2012. He serves on the Co-op's Finance & Audit Committee and the Governance Committee. Brendan runs a mixed farming operation at Ellerslie and has served other local organizations such as the St Thomas Primary School Council, the East Framlingham Golf Club and the Terang & District Racing Club.



LINDA KENNA

Linda joined the Board in late 2013. She serves on the Co-op's Governance Committee. Linda has a background in accounting and is currently the business manager at St. Thomas' Primary School in Terang. Linda has served other organizations in the community, including those associated with local schools and sporting clubs.



VICKI WHITING

Vicki joined the Board in late 2012. She serves on the Co-op's Strategy & Risk Committee. Vicki is in the business of wedding and event hire with her business, Lush Events, and also operates an accommodation business. Vicki has been involved with local schools, sporting clubs and is currently a member of St Thomas' Parish Finance Committee.

Chairman's REPORT

ON BEHALF OF THE BOARD OF DIRECTORS OF THE TERANG AND DISTRICT CO-OPERATIVE LIMITED, I AM PLEASED TO PRESENT THE 2020-2021 ANNUAL REPORT.

This is my first report as Chairman of the Board of Directors and I would like to thank the outgoing Chairman, Brendan Kenna, for his service to the Co-op through a number of tough trading years, bushfires and industry downturns. Throughout these times the Co-op was able to trade through and return a profit each year. Brendan has also ensured a smooth transition in my role as Chair, remaining as Vice Chair and providing support and mentoring as I picked up the reins.

This past year has been one of the most challenging years the Co-op has seen in a long time. The effects of COVID-19 have impacted on employee workload and customer interaction, occasioned by empty shelves in the supermarket and sometimes stressed and angry customers at the checkout. Two years ago these experiences would not have been dreamt about. However, our staff have responded to these challenges and together their efforts have realised a significant benefit to the Co-op during these tough times.

This year has also seen us rebrand our hardware businesses to Mitre-10 in both Camperdown and Terang which, along with a significant refresh of the building livery, has reinforced the commitment of Terang & District Co-op to the towns we are proudly a part of. This commitment has been rewarded with increased sales at both stores and a changing offer to customers ably steered by Jo Bailey and Michael Boote. COVID-19 related stock shortages continue to test their skills at sourcing timely stock replenishment to continue to meet and exceed the expectations of both our domestic and trade customers. These businesses have continued to develop and now both contribute significantly more to the bottom-line performance of the Co-op.

No report of this year could be complete without congratulating our IGA Supermarket staff and management for their significant effort in the face of unprecedented change across the face of supermarket retail. They not only met the COVID-19 challenge but traded positively through a major refurbishment of the entire store, a supreme effort and one recognised by our customers, management and the Board.

Paul Bailey stepped aside from his Supermarket Manager role and ably managed the refurbishment project, broadening his skills as well as providing opportunity for Darren Gee and others to step into higher roles. This experience will serve the Co-op well now and into the future. Investment in refurbishing the store during a year of

uncertainty is recognition of the efforts of our supermarket staff and the finished product is one that has had the whole town talking about it, as well as the wider district with shoppers from far and wide being drawn to the new store. Thankyou to Paul, Darren and the whole supermarket team for their dedication and for striving to meet the needs of our customers throughout the year.

Our Rural Store has also been refurbished outside to modernise the look and increase the link to the Co-op as well as to strengthen the benefits of our partnership of National Rural Independents (NRI). Our Rural Store Manager, Alison Lee, and her team have successfully added Husqvarna and Thomas Cook to the range as they continue to tailor their offer to meet customer needs in a store looking bright and welcoming. The refurbished store opening comprised a week of activities arranged by Alison and her team. This was quite successful and targeted at showing off the wide and varied range of products and services available. Well done to Alison and her team as they continue to grow this important aspect of our Co-op business.

Our 360 Dairy Solutions division has been busy all year with two new dairies being constructed and also continuing to offer a high quality and responsive service to the district farming community. Our 360 Manager, Chris Fitzgerald, moved on to other opportunities and Ken Hewitt has taken up the interim helm with promising results. 360 has had lots of work coming through the pipeline and continues to show promise as they maintain a focus on managing their stock and workloads.

This year's trading has been a record for the Co-op and the Board and management are pleased to announce a profit before tax of \$1,052,060. We are also pleased to announce that \$56,984 has been distributed in sponsorship and donations to many of our community organisations. Also, in the last year your Co-op distributed \$252,145 in members rewards to thank you all for your patronage and loyalty. The Co-op Board also decided to waive this year's points expiry at the end of February to recognise that it may have been difficult during COVID-19 to access your points.

Our Co-op is only ever as strong as the support we are given from you, our members and community. To that end we welcomed 212 new members to our Co-op this year and thank them for their support and we encourage anyone in our communities who are not members to consider joining. Our ever-popular seniors' discount has continued to reward senior members of our communities to whom we owe so much. Our IGA Supermarket has also introduced member discounts which offer significant savings for Co-op members.

As a Board we continue to look towards ensuring a sustainable future for our members and our Co-op communities. Our strategic plan and management's business plans set out initiatives for further developments, improvements in our range and offer to customers, upgraded systems to improve our efficiency and development of our people, our greatest asset.

On behalf of the Board, I would like to sincerely thank the Co-op's management and staff for their hard work and attention to detail in the past year. Without this crucial support from staff and management our above achievements would not have been possible.

I would also like to take this opportunity to thank my fellow Board members for dedication to their Director roles and for the many hours that they commit to their Board and sub-committee roles.

To our members and customers, who are the reason for our existence, we thank you for your patronage and trust that you enjoy the fruits of our refurbishment and upgrades across the Co-op. Your Board are very confident that our Co-op has a bright future as we head into our 114th year of operation.

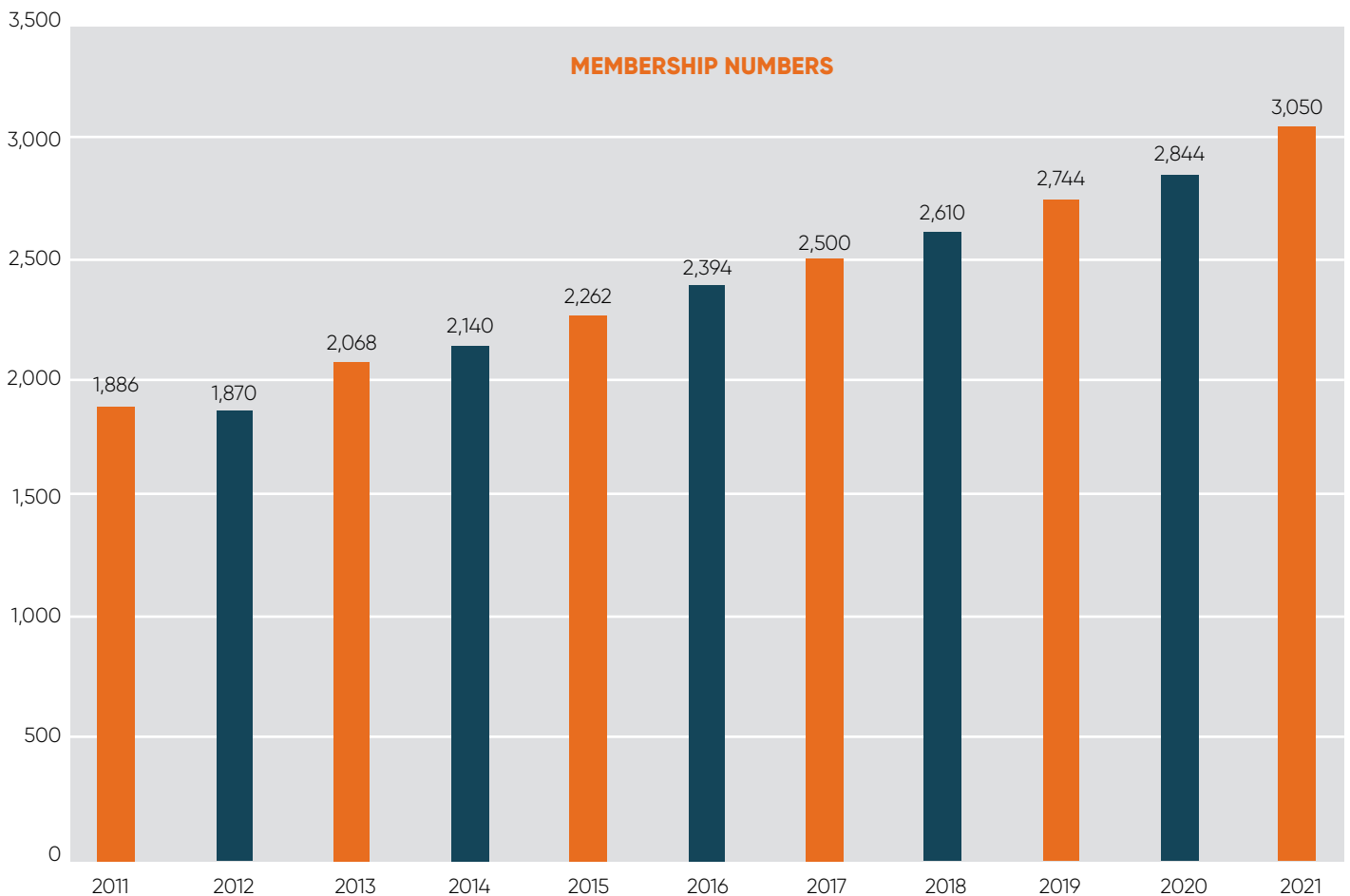
Thank You



GEOFF BARBY
Chairman



2021 AT A GLANCE



CEO REPORT

THE 2020-21 FINANCIAL YEAR PROVED TO BE AN INTERESTING, CHALLENGING AND EXTREMELY EXCITING BUSINESS YEAR COUPLED WITH SIGNIFICANT CHANGE THROUGHOUT THE CO-OP.

The final turnover of \$31m is an amazing result, over \$6m, or 28%, ahead of the previous year. We exceeded sales objectives and principally due to changes made in business practices over the past 3 years. We succeeded in capturing more of the gross profit and, with better controls introduced in many business areas, the management team was able to deliver a record net profit for the Co-op.

In a year with constant COVID-19 challenges, intermittent lock downs and some office staff working from home, 2020 was unlike any other year. Achieving a total turnover exceeding \$31mil would have been a dream not so long ago but became a reality boosted by COVID-19 in the first quarter of 2020. This was then built on with successive business improvements, from the rebranding of our hardware division to Mitre 10 and an expanded product range in both our hardware stores, introducing new products and rebranding the rural store and, finally from June onwards, the gradual makeover of our new IGA + Liquor store. Each change delivered growth in sales and also confidence in the organisation to perform. Sales growth also meant growth in operating expenses but principally we were able to hold the operating costs within industry benchmarks which has been a difficulty for the Co-op in the past.

The focus on operational capabilities, prudent business controls and sales growth across the board delivered a final business profit in excess of \$1m. This is certainly something for the directors, management, and all staff to be exceptionally proud of. We all contributed to achieving benchmarks in 2020 that we have been striving to achieve over the last few years. The Co-op has managed to reimage three of the core businesses, spending in excess of \$1m in the course of this one year, growing sales by 28% overall while reducing total Co-op debt. This outstanding achievement can be attributed to the entire team as we are beginning to be on the same page with the operational changes, with key staff members taking ownership of their roles and realising the importance of the implementation of best practices in our business operations.

I cannot go on any further without mentioning the effects that COVID-19 had on the staff and the business. Our first indication that COVID-19 was going to be different for us was the obvious facts in March 2020 when shelves began to empty and panic buying set in. We struggled to keep

some essential stocks on the shelves in our retail outlets as this wave lasted through the first quarter and to a lesser extent into the second lockdown. Online deliveries hit new highs through both lockdowns, justifying the decision to replace the 25 year old delivery van with our new refrigerated van in early 2020.

We installed point-of-sale protection screens, hand sanitiser stations, engaged staff to continually clean all touch points and, for a good portion of the year, wore our mandatory masks and all worked in a safe and sanitary manner.


Another of the effects of COVID-19 and Victorian lockdowns was the ability to measure the size of both the retail grocery, liquor, and the home improvements markets of the Co-operative, which highlighted that there has been substantial retail leakage out of Terang in the past and more emphasis must be on encouraging our locals to shop local too! The Co-op's commitment to a quality customer service ethos, competitive pricing, and an increased range of quality products will deliver to our members' needs, thus holding more of that past retail leakage within our town.

It is extremely important for a small town, such as Terang, to have a great supermarket, a great trade and retail home improvement store and an engaging and exciting community Co-op. It is your support of the Co-op that will enable continual reinvestment into our businesses to enable us to keep up with current national trends or standards, keeping the Co-op and town viable.

The benefit to any small town from successful businesses is paramount in keeping the town vibrant and active as it is proven to encourage growth and confidence in the town's ability to attract and cope with many diverse businesses and start-ups.

The town and our customer and member base will grow as many people move into country areas and we, as the Co-op, must take advantage by offering a high-level range of products and a high-quality shopping experience too.

The Co-op remains committed to supporting the local economy through providing employment opportunities and is proud to employ over 120 staff across the trading businesses and our administration office. In addition to employment, we are committed to supporting local businesses including contractors, suppliers, growers, freight and maintenance providers in all areas of our operations. The Co-op has maintained the focus on supporting local suppliers, especially within our supermarket, where possible, carrying products and items supplied by local and South West Victorian suppliers.



In November we introduced step one of a management programme developed with the Victorian Chamber of Commerce where we organised and hosted a day's introductory management training for 14 staff members. The training programme was made up of current staff in management or supervisory roles, and staff members who have the potential to assume management roles in the future. Step two in this programme is planned for mid-2021. This is the beginning of our succession planning for the future where we identify and train people with the ability to go further in the organisation instead of simply promoting by length of service. Investing in our people is paramount for the future of the Co-op going forward to ensure it is well placed with capable and skilled staff members to fill roles within the organisation as they become vacant.

We continued our sponsorship and donations programme supporting numerous community organisations in the district. With many of those organisations hampered from their normal activities throughout the year, we are pleased and proud to be able to assist the community in such times of need. It is important to highlight here that we are only able to implement our sponsorship and donations programme from our members' and the communities' day to day patronage of Co-op businesses. Your support of us enables us to support your community!

With our maintained focus on the Co-op strategic plan, we were able to achieve many goals this year and identify new goals to achieve in the immediate future. Most of the financial goals, such as stock turns averaging 5.4 times per annum, along with a small reduction in actual stock levels, meant sales, gross and net profits were exceeded. We made substantial progress in staff culture, which really shone through when we were under pressure from COVID-19 realities, plus coping with the demands of substantial sales growth and improving customer processing efficiencies. Then, to top that off, we successfully undertook a substantial makeover of our supermarket.

As with previous years, we worked on building towards continual business improvement and this year our direction did not falter. Each divisional manager has their operational plan which remains a key focus to take us into the future. We began achieving operational industry benchmarks which helped in delivery of the final business result, whilst we continually strive toward operational best practice in all we do.

My focus remains on the following crucial aspects of the business divisions:

- Business management improvement
- Stock reduction, predominantly slow moving and dead stock
- Building on Co-op and staff culture
- Strategic plan for the next 5 years.

In my previous year's report, I touched on culture change. We feel that we have come a long way towards our goal over the last couple of years. In the next financial year, we have budgeted to survey staff and members to measure

any culture change to date.

The management team worked closely together to ensure continual service improvement and an ever-improving offer to members and customers over all the businesses we trade. Throughout the year each business has been able to significantly raise the bar in how the Co-operative is presented to the public. The end result is a vastly improved Terang & District Co-operative. The management team are to be congratulated for this significant change of face to our members.

Our Supa IGA Supermarket continues to lead our business activities and performed well, delivering sales of over \$15.7m. The new offer has made substantial inroads into what was previously a top up shopping habit. The strong fresh offer, including expanded meat cabinets, larger fruit & veg area and the fabulous deli counter experience, is attracting more of a full shop now than ever before. The deli counter team continue to enhance the everyday offer as we build on an ever increasing demand for greater variety. The upgraded grocery, freezer and liquor areas complement what has become an outstanding consumer offer for our town.

Our online shopping and delivery service continues to meet the needs of a small segment of our customer base. We had substantial growth in the online shoppers early in the year but by Christmas we were back to our regular base of online home delivery, in Terang, or our "click and collect" customers.

A big thanks to all of the supermarket staff for working with us this year, accepting the challenge of significant change going on around them. A number of staff were given expanded roles and stepped up admirably. Indebted thanks go to Paul Bailey who took on the role of Project Manager and Darren Gee who took on the Supermarket Manager role during the huge task of redeveloping the supermarket business.

2020 saw real change around the rural store. The most obvious change was it suddenly went charcoal with highly visible signage definitely complementing our Mitre 10 makeover. The team worked conscientiously to introduce new retail racking and remerchandise the retail store. Every category received a transformation in merchandising and the store layout reflects better logics to help the shopper find what they want. The rural store team set about ensuring the business continues to gain greater control of in-stocks and endeavours to continue to work on the overall rural offer. We are very proud of the store and the retail offer that we present to our customers every day.

Sales in the rural store lifted significantly, finishing the year nearly 20% ahead of the previous year and still growing. Unfortunately, control of expense in the early part of the year was not as good as we anticipated and, consequently, the final return from the rural store was just short of expectation. Those management learnings in operational control will be valuable in the future. A big thanks to the team for their contribution throughout the 2020-21 year. The future looks positive if this continual improvement is projected through to next year.

360 Dairy Solutions achieved some positive milestones during the year. An all-time high in sales, due to building two new dairies and a number of feed systems made for a very busy year for the team. A steady stream of work in the pipeline required higher staffing levels than planned just to keep close to delivering results by due dates.

Again, the business suffered at the end of the year due to lack of efficiencies in the organisation, confused priorities, lack of business controls and, as previously identified, stock levels being out of proportion to sales.

The 360 business differs in its strategic risk profile to other Co-op businesses and is often conflicted between delivering a financial return versus providing a high-quality service to a smaller segment of the members. High staff turnover since the Co-op initiated our focus on cultural improvement has not helped this business. This has been exacerbated in these post COVID-19 times with considerable labour shortages in rural Australia. We continue to seek the best scenario for business fit within the strategic plan but, to date, have not identified the best solution within Co-op business operations.

I take this opportunity to give a big thanks to the dairy tech team who day to day go out and do a fantastic job for our customers and the Co-op often under difficult conditions. We really appreciate the efforts and the lengths they go to to please our customers which is not always easy to do.

The Co-op's hardware division, traded in excess of 35% up in sales on the previous year. Initially under the Home Timber & Hardware banner we took the opportunity to change to the Mitre 10 brand early in the year. The COVID-19 driven market delivered considerable growth in the home improvement categories such as garden, paint, and paint accessories. The trade business has also been very strong with substantial activity in the local building sector. Significant staff changes in Camperdown over the year have been very positive for the business and has built on the strong foundations following the remerchandising of the store two years ago. The change to Mitre 10 not only lifted our image in the market but the stronger marketing and much improved merchandising seems to meet the demand and expectations of our consumers.

The mighty Mitre 10 team, under Jo Bailey (Retail) and Michael Boote (Trade), have radically raised the bar across the business both through the customer service experience and ensuring that, more often than not, we have the products on hand when they are needed. The management team have maintained accountability for both sales and service performance, and we continue to see positive results through setting higher business standards and greater personal accountability. I am pleased to say this business is moving in the right direction with improved standards required to meet Co-operative benchmarks. We have a very strong home improvement offer in comparison to similar towns across the state or country for that matter and we can be extremely proud of this fact.

2020-21 was the year that the hardware division became a significant contributor to the Co-op's improved bottom line with both businesses contributing equally. This change has not been without pain, and I cannot express enough thanks to the managers and their teams for the way they have embraced change and implemented improved business systems to ensure Mitre 10 continues to contribute significantly to the future. We did signal in last year's report that changes made in the previous financial year had started to deliver in the final quarter of the 2019-20 year which I am pleased to see has followed through into 2020-21.

In November 2020 in conjunction with the Co-op's Board and management we reviewed the strategic plan for the next 3 to 5 years. Having achieved many of the milestones from the 2017 strategic review we needed to be able to focus on what is next for the Co-op.

Out of this most current review, along with maintaining the direction set from 2017, we have identified that substantial focus is to be placed on our business and information systems. Much of our existing operational software does not pass the mark as best practice or the leading edge required today. Too many of our systems are linked manually. We see a future of total integration of systems, with a view to faster access to crucial sales, and inventory data linked with comprehensive membership relations management programmes, leading to better and more informed management decisions. In other words, the Co-op will evolve and change in an ongoing process of continual business improvement into the future.

I appreciate the Board's support and assistance from the management group and team members throughout the Co-op. I record my appreciation for all your efforts. It is a team I continue to be pleased with and proud to be part of. It is hard work but with persistence and teamwork we will achieve all we can for the betterment of the Co-op.

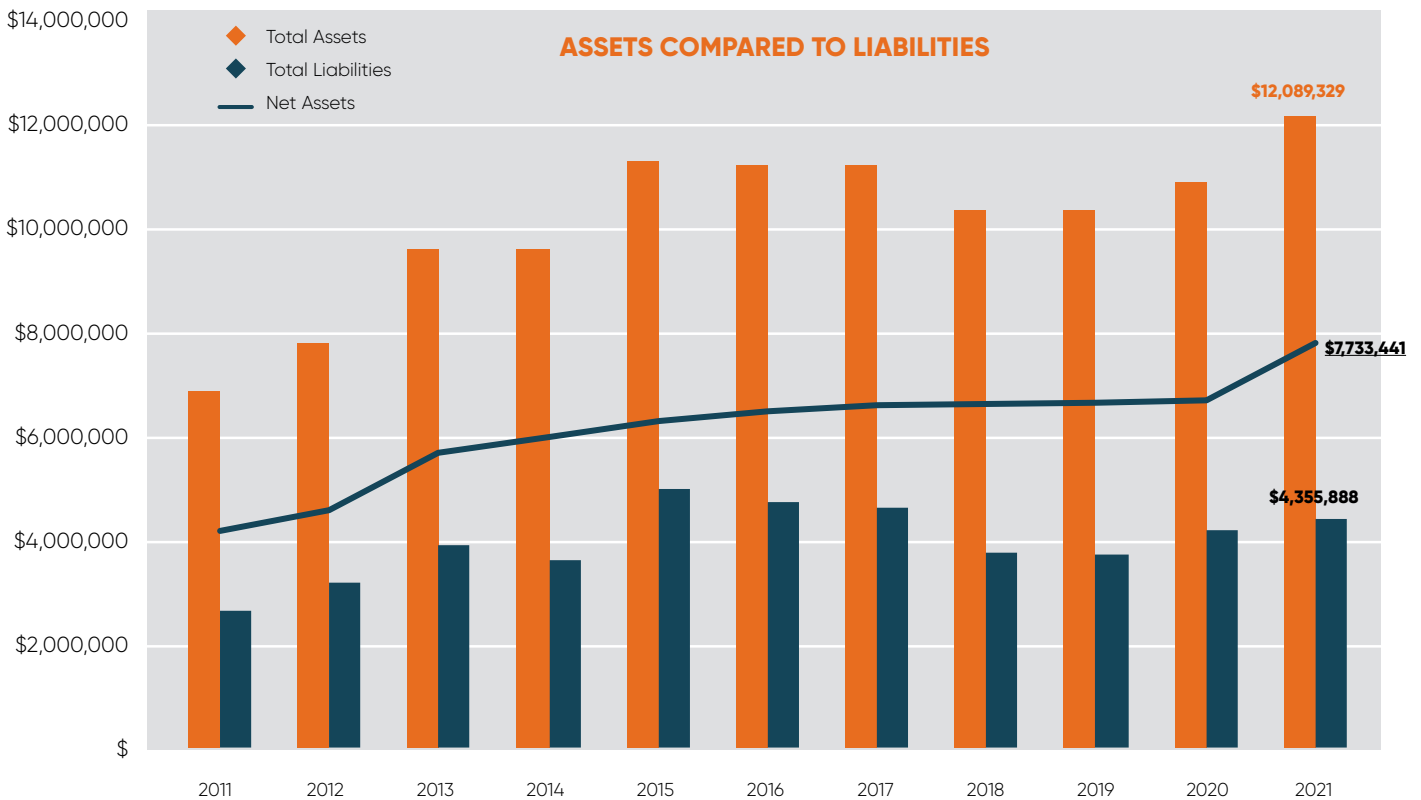
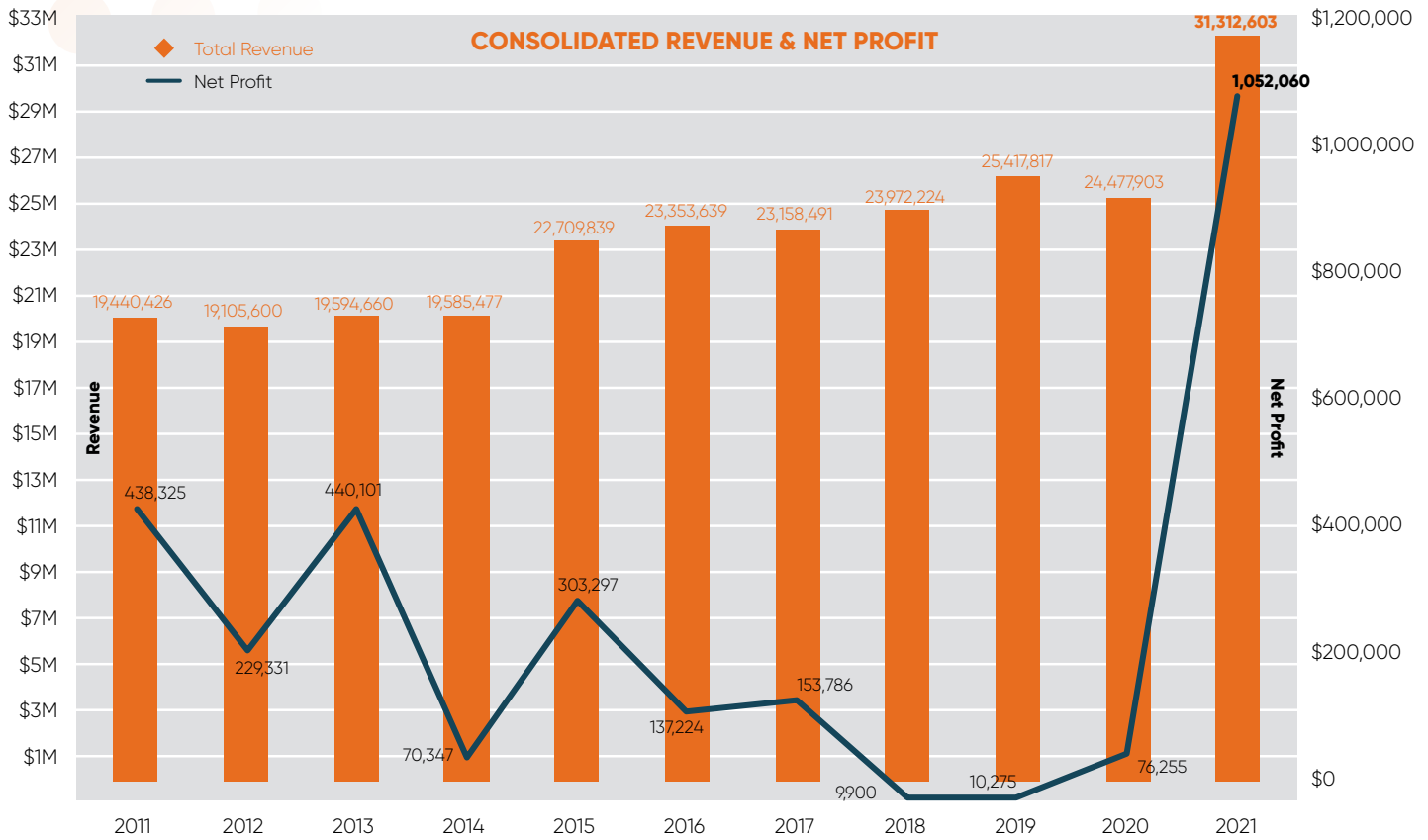
In conclusion, I would like to say a big thank you to you, our loyal customers, and valued members of the Co-op. It continues to be exciting and challenging to be able to consistently raise the bar and move the Co-op forward, continually improving performance whilst developing opportunities and, along with careful investment, ensuring a successful long-term future of the Co-op and numerous other benefits to the community. Along with the management team, I look forward to celebrating another year's trading in 2021-22 and, beyond that, building on the strengths of the Terang & District Co-operative Limited.



KEVIN FORD
Chief Executive Officer



2021 AT A GLANCE



Directors' REPORT

YOUR DIRECTORS PRESENT THEIR REPORT ON THE TERANG & DISTRICT CO-OPERATIVE LIMITED FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021.

DIRECTORS

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

Mr Geoff Barby – Chairman
Mr Brendan Kenna
Mr Nigel Bruckner
Ms Vicki Whiting
Ms Linda Kenna
Mr Robert Durant
Ms Elizabeth Green (appointed 25 March 2020)
Mr Matt Henderson (resigned 20 March 2020)

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
Nigel Bruckner	10	11
Vicki Whiting	11	11
Linda Kenna	11	11
Geoff Barby	11	11
Robert Durant	11	11
Elizabeth Green	8	10
Matt Henderson	0	1

Additionally, all directors participate in one or more sub-committees that meet periodically to work through more detailed activities to streamline board meetings. All recommendations from these committees are reported to the full board for adoption.

COMMITTEE: FINANCE AND AUDIT

<i>Directors</i>	<i>Other Members</i>
Elizabeth Green	Kevin Ford, CEO
Geoff Barby	Damien Ryan, Finance & Business Manager
Nigel Bruckner	
Brendan Kenna	

COMMITTEE: GOVERNANCE

<i>Directors</i>	<i>Other Members</i>
Brendan Kenna	Kevin Ford, CEO
Geoff Barby	Robert Lane, Consultant
Linda Kenna	

COMMITTEE: STRATEGY AND RISK

<i>Directors</i>	<i>Other Members</i>
Vicki Whiting	Kevin Ford, CEO
Robert Durant	Robert Lane, Consultant
Geoff Barby	

RESULT

The net operating profit of the Terang & District Co-operative Ltd for the financial year after providing for income tax amounted to \$792,969 (2020 : \$44,709).

ACTIVITIES

The principal activities of the Co-operative in the course of the year, have been to retail food and general merchandise 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 2021.

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:

 **MR GEOFF BARBY**
Chairman

Signed at Terang, this 26th day of May 2021.

Managers' COMMENTS

MIGHTY HELPFUL
MITRE 10



JO BAILEY

Retail Manager

Terang and Camperdown Mitre 10 stores



MICHAEL BOOTE

Trade Manager

Terang and Camperdown Mitre 10 stores

WITHIN A FEW WEEKS OF THE COMMENCEMENT OF THE FINANCIAL YEAR, CORONAVIRUS TOOK HOLD IN VICTORIA AND BROUGHT WITH IT A RAFT OF ISSUES SUCH AS LOCKDOWNS, TRADING RESTRICTIONS, WORKPLACE SOCIAL DISTANCING, MASK WEARING, SANITIZING OF WORKSPACES AND MORE. THIS CREATED MUCH UNCERTAINTY FOR BOTH STAFF AND MANAGEMENT REGARDING THE HOW AND WHEN OF KEEPING OUR HARDWARE STORES OPEN AND TRADING.

COVID-19 threw quite a few curve balls at our business during the year but it did not matter how big or complex the issue was, our team responded magnificently and always "found a way". The outcome of the wonderful efforts of our staff was a record trading year for the business, both in turnover and profitability.

Perhaps the most notable of all of this year's achievements is that we managed to complete the rebranding of both Terang and Camperdown stores from Home Hardware to Mitre10 before the most severe of the restrictions took hold. That was no mean feat.

Counterintuitively, the lockdowns imposed upon us all by government had a strongly beneficial impact on our business, driving customers into their local "Mighty Helpful" store. Personal restrictions throughout the year

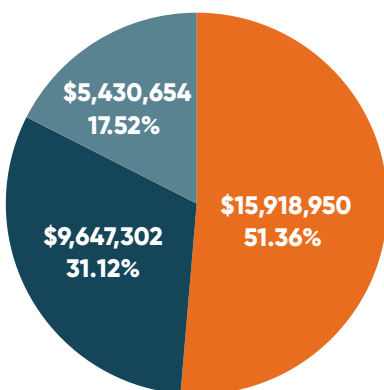
like no travel, sport or social gatherings resulted in people having more time, and money, to do home-based projects leading to a big increase in sales of handyman supplies and tools. Government fiscal stimulus initiatives, such as the \$25k renovation incentive, also generated greatly increased demand for timber and builders' supplies. This did create some supply shortages as demand outstripped supplier capacity to deliver in full and on time to resellers such as us.

Supply side shortages in supermarkets generated a big increase in home grown produce which sent our greenlife and garden department sales into overdrive. Vegetable seedlings, as an example, were in such high demand that we often sold out on the day that they were delivered. Packets of vegetable seeds were similarly in very high demand and, being a mostly imported product, became very difficult to source. Fortunately, we are in a better supply cycle now. We are hopeful that the newly found local enthusiasm for healthy home-grown produce will continue for many years to come.

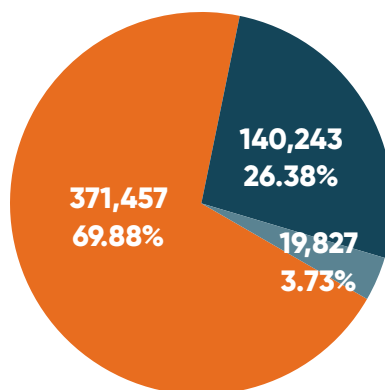
Supply shortages aside, 2020-21 was still a fantastic year for the Hardware Division of the Co-op and we are confident that it will carry through into a very strong 2021-22.

2021 AT A GLANCE

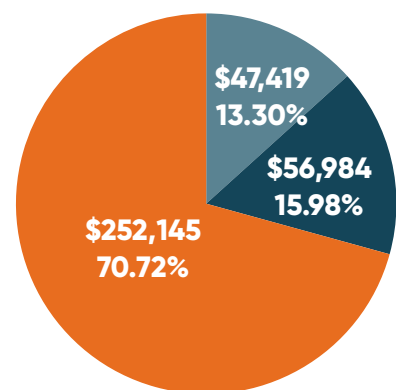
REVENUE SHARE



CUSTOMER VISITS



BENEFITS DISTRIBUTED



- Hardware & Timber Stores
- Rural Division
- Supermarket

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



PAUL BAILEY

Manager of the Supa IGA store

WELL, WHAT A YEAR THE LAST 12 MONTHS HAS BEEN FOR THE SUPERMARKET! FROM THE START OF THE RENOVATIONS EARLY IN THE YEAR, TO COVID-19 HITTING US IN MARCH WITH ITS OWN CHALLENGES AND, WITH THAT, THE TOILET PAPER SHORTAGE, THAT IS A YEAR I WILL NOT FORGET.

Revenue for the supermarket finished at \$15.9m which was 16% growth on last year which has been terrific. Some of this growth was due to COVID-19 but the rest has been hard work and a huge effort by the whole team. So, thank you to all of my team, from management right through to after school casuals, for their support and commitment throughout what has been a huge year.

Over the past twelve months we have worked hard on transforming the supermarket to what it is today. We have replaced nearly all the refrigeration, expanded the fresh area, doubled the size of the deli, put new flooring throughout the whole store, increased our liquor store, updated all our signage and introduced a lot of new lines throughout the whole supermarket as well. We could not have achieved this without the support of our local trades people so I would like to thank them for all their help over the journey. Also, thanks to Darren Gee for stepping up to manage the supermarket while I looked after the renovation.

I would also like to thank our loyal members and customers for their understanding while we undertook this redevelopment. Your patience was very much appreciated.

Our online shopping went through the roof during the COVID-19 lockdowns but since then things have settled down a bit. It is proving to still be popular, with dozens of orders every week, and the convenience of click and collect or free home delivery still sees this service going strong.

Becoming a member of the Co-op has never been more attractive as it is now, with the introduction of triple points Tuesday every 1st and 3rd Tuesday of the month and exclusive members only specials every week.

You may note that this year we have traded under the Supa IGA banner. A review of brands by Metcash, (IGA Australia) will result in the removal of the Supa IGA banner from the market. Our banner has now changed to IGA + Liquor. We still have the same competitive pricing, specials and price matching with the majors and our new fresh department is equal or better than anyone in the region.

So, thank you again for what has been a fantastic year for the supermarket. With our new look supermarket, our commitment to provide the best shopping experience that we can is as strong as it has ever been.



ALISON LEE

Manager of the Rural Store

AS WE SAW 2020-21 END IN THE RURAL STORE, THE TEAM REFLECTED ON WHAT WAS A MASSIVE YEAR OF CHALLENGES AND CHANGE WITHIN THE RURAL STORE.

The turmoil that came in 2020 with COVID-19 certainly set the challenge of ensuring the availability of stock lines was uninterrupted for our customers. This is something that the Rural Store team can hold their head high and say they accomplished well! This would not have been possible without the continued support we have enjoyed since aligning with National Rural Independents (NRI) last year. The NRI affiliation has provided us with a more attractive and more efficient buying power, as well as the opportunity for better product offers.

We have continued our work in re-merchandising the store, including the introduction of some key stock lines and ensuring we are catering to our customers' demands where possible. Husqvarna has continued to provide the Rural Store with growth in not only sales, but in our on-site servicing offering. In conjunction with the addition of the Thomas Cook range of clothing & boots, expansion of our poultry selection and accessing bulk grain supplies, the Rural Store now has a greater offering to its customers. The increased sales have helped improve the bottom line for the Co-op's rural segment.

Over at 360 Dairy Solutions, 2020-21 was an exciting year as we began with a large project completing a new 60-unit dairy and towards the latter half of the year built and installed a 25-unit herringbone with a round yard and electric backing gate. These projects kept the team busy during the year.

Between building two new dairies, the team at 360 commissioned several feed systems, keeping the whole team engaged throughout the year. We developed a number of smaller projects from new copper hearths to a new steel front fence and gates, all nicely powder coated for our clients. This demonstrated the versatility of our team of tradesmen.

The team produced record sales for the year. Whilst this is pleasing, we did not quite achieve the expected bottom line result we had been striving for. A big thanks to all the team at 360 Dairy Solutions for the effort and quality work performed throughout this difficult year. And an even bigger thanks to our customers and members for supporting 360 Dairy Solutions throughout 2020-21.

With Kevin Ford, CEO

2020 - 2021 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
DIRECTORS' DECLARATION & CONCISE
FINANCIAL REPORT FOR THE YEAR ENDED
28 FEBRUARY 2021

DIRECTORS DECLARATION

The directors of the Co-operative declare that the Concise Financial Report for the year ended 28 February 2021, 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 2021 and has been derived from and is consistent with the full financial report of Terang & District Co-operative Limited.



MR GEOFF BARBY
Chairman

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

Signed at Terang, this 26th day of May 2021.

CONCISE FINANCIAL REPORT

The concise financial report is an extract from the full financial report for the year ended 28 February 2021. The financial statements and disclosures in the concise financial report have been derived from the 2021 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 2021 Financial Report of Terang & District Co-operative Limited.

INCOME STATEMENT

The profit before income tax for the 2021 financial year is \$1,052,060 which represents an increase of \$975,805 on the \$76,255 profit for the previous year.

The Hardware & Timber segment result for 2021 was a \$674,475 profit, a massive improvement on the \$4,783 net loss incurred last year. The support of members and local customers pushed revenue up by over 38% for this segment. Gross margins were better than budget and slightly better than last year. That employee costs were up nearly 16% on last year was warranted in terms of the large increase in turnover.

In the Rural segment, a revenue increase of over 49% helped improve the bottom line markedly although the segment is still in a loss situation. The 2021 loss of \$357,206 is better than last year's \$416,236 loss. In the pursuit of better turnover, project sales and with the ongoing review of stock

holdings, via dairy services in particular, the gross margin dropped across the segment but higher sales volume helped counter this.

The Supermarket segment again performed well. Revenue growth of over 16%, combined with slightly improved margins, meant that the Supermarket was able to deliver a \$734,791 profit for 2021, up on the \$497,274 profit for 2020 by \$237,517. This was despite employee costs also being up by 16%.

The overall Co-op's 2021 financial performance is a record profit based on a record turnover. The surge in local shopping support helped achieve this, in the midst of a year significantly affected by the Covid-19 pandemic, by driving sales to new levels for significant periods in 2021. Costs had to be modified according to the elevated activity and Covid-19 circumstances but were adequately controlled to deliver an excellent overall financial result.

BALANCE SHEET

Significant capital expenditure was undertaken, being just under \$1.3m, including over \$800k in the supermarket to the end of the financial year. Bank debt was reduced more quickly than expected and was nil at year end.

CASH FLOW STATEMENT

Cash flow benefitted greatly from the excellent 2021 trading result. The strong cash flow enabled significant capital expenditure and significant debt reduction in 2021. Inventory and receivables were steady overall and did not have a significant effect on the year's net cash flow.

2020 - 2021 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2021**

STATEMENT OF COMPREHENSIVE INCOME

	2021 \$	2020 \$
Revenue	31,312,603	24,477,903
Cost of inventories	(23,695,372)	(18,567,509)
Employee benefits expense	(4,531,371)	(4,041,247)
Depreciation expense and amortisation	(396,988)	(322,248)
Finance costs	(6,480)	(24,035)
Other expenses	(1,630,332)	(1,445,790)
Other economic flows included in net result		
Unrealised net loss on financial instruments	-	(819)
Profit before income tax	1,052,060	76,255
Income tax expense	(259,091)	(31,546)
Profit for the financial year	792,969	44,709
Other comprehensive income		
Revaluation of land and buildings	272,064	-
Total comprehensive income for the year	1,065,033	44,709

The accompanying notes form part of these financial statements

2020 - 2021 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2021**

BALANCE SHEET

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents		94,279	95,452
Trade & other receivables		1,037,002	1,054,095
Inventories		4,215,145	4,262,014
Other assets		126,099	84,426
TOTAL CURRENT ASSETS		5,472,525	5,495,987
NON-CURRENT ASSETS			
Financial assets		30,000	39,320
Property, plant and equipment	3	6,180,528	4,959,224
Deferred tax assets		274,689	219,406
Right of use assets		131,587	96,420
TOTAL NON-CURRENT ASSETS		6,616,804	5,314,370
TOTAL ASSETS		12,089,329	10,810,357
CURRENT LIABILITIES			
Trade and other payables		2,620,109	2,259,482
Other liabilities		149,913	100,452
Lease liabilities		57,227	58,559
Interest bearing liabilities	4	-	608,000
Tax liabilities		75,276	31,904
Provisions		470,836	416,751
TOTAL CURRENT LIABILITIES		3,373,361	3,475,148
NON-CURRENT LIABILITIES			
Lease liabilities		55,302	23,803
Interest bearing liabilities	4	-	2,000
Tax liabilities		894,893	608,459
Provisions		32,332	41,693
TOTAL NON-CURRENT LIABILITIES		982,527	675,955
TOTAL LIABILITIES		4,355,888	4,151,103
NET ASSETS		7,733,441	6,659,254
EQUITY			
Contributed equity		168,560	159,406
Reserves		2,386,284	2,114,220
Retained profits		5,178,597	4,385,628
TOTAL EQUITY		7,733,441	6,659,254

The accompanying notes form part of these financial statements

2020 - 2021 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2021**

STATEMENT OF CHANGES IN EQUITY

	Contributed Equity \$	Retained Surplus \$	Revaluation Surplus \$	Financial Asset Revaluation Reserve \$	Total \$
Balance at 1 March 2019	152,816	4,298,111	2,114,220	42,808	6,607,955
Change in accounting policy on implementation of AASB 9	-	42,808	-	(42,808)	-
Surplus for the year	-	44,709	-	-	44,709
Shares issued/(redeemed)	6,590	-	-	-	6,590
Balance at 29 February 2020	159,406	4,385,628	2,114,220	-	6,659,254
Balance at 1 March 2020	159,406	4,385,628	2,114,220	-	6,659,254
Other comprehensive income	-	-	272,064	-	272,064
Surplus for the year	-	792,969	-	-	792,969
Shares issued/(redeemed)	9,154	-	-	-	9,154
Balance at 28 February 2021	168,560	5,178,597	2,386,284	-	7,733,441

The accompanying notes form part of these financial statements

2020 - 2021 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2021**

STATEMENT OF CASH FLOWS

	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	31,344,080	24,623,301
Payments to suppliers and employees	(29,392,835)	(24,514,990)
Dividends received	4,152	13,211
Finance costs	(2,822)	(21,358)
Income tax paid	(31,304)	(64,774)
Net cash provided by / (used in) operating activities	1,921,271	35,390
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for financial assets	-	(30,000)
Payment for property, plant & equipment	(1,289,396)	(276,117)
Proceeds from available for sale	18,610	49,427
Proceeds from sale of property, plant & equipment	7,169	19,414
Net cash (used in) investing activities	(1,263,617)	(237,276)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of leasing liabilities	(57,981)	(57,523)
(Repayment of) / proceeds from borrowings	(610,000)	263,000
Proceeds from share issue /(payment for shares redeemed)	9,154	6,590
Net cash provided by / (used in) financing activities	(658,827)	212,067
Net increase / (decrease) in cash held	(1,173)	10,181
Cash and cash equivalents at beginning of year	95,452	85,271
Cash and cash equivalents at end of year	94,279	95,452

The accompanying notes form part of these financial statements

2020 - 2021 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
DIRECTORS' DECLARATION & CONCISE
FINANCIAL REPORT FOR THE YEAR ENDED
28 FEBRUARY 2021

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 2021. 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:

Timber & Hardware		Rural		Supermarket		Administration		Total	
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total segment revenue									
9,647,302	6,980,315	5,430,654	3,631,061	15,918,950	13,674,740	289,969	191,787	31,286,875	24,477,903
Total segment expenses									
(8,972,827)	(6,985,098)	(5,787,860)	(4,047,297)	(15,184,159)	(13,177,466)	(289,969)	(191,787)	(30,234,815)	(24,401,648)
Operating result before tax									
674,475	(4,783)	(357,206)	(416,236)	734,791	497,274	-	-	1,052,060	76,255
Segment assets									
1,792,336	1,614,660	1,712,461	1,845,375	856,892	801,977	7,727,640	6,548,345	12,089,329	10,810,357
Segment liabilities									
-	-	-	-	-	-	4,355,888	4,151,103	4,355,888	4,151,103

2020 - 2021 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2021**

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	2021 \$	2020 \$
Land - at valuation	1,295,000	1,480,000
	1,295,000	1,480,000
Buildings - at valuation	3,400,000	2,575,000
Accumulated depreciation	-	(166,618)
	3,400,000	2,408,382
Buildings improvements - at cost	-	91,202
Buildings improvements - at valuation	-	98,608
Accumulated depreciation	-	(11,203)
	-	178,607
Buildings - leasehold improvements - at cost	69,793	65,657
Accumulated depreciation	(60,765)	(57,562)
	9,028	8,095
Total Land & Buildings	3,409,028	2,595,084
Plant & Equipment - at cost	2,552,422	2,763,087
Accumulated depreciation	(1,437,508)	(2,058,459)
	1,114,914	704,628
Motor Vehicles - at cost	710,766	525,443
Accumulated depreciation	(349,180)	(345,931)
	361,586	179,512
Total Property, Plant & Equipment	6,180,528	4,959,224

Valuations of land and buildings

Independent revaluation completed by Preston Rowe Patterson as at 28 February 2021 by Aaron Armistead Qualifications CPV AAPI 18353.

NOTE 4: BORROWINGS

	\$	\$
Current		
Bank loan - secured (a)	-	608,000
Non Current		
Bank loan - secured (a)	-	2,000
Total Borrowings	-	610,000

(a) Secured liabilities

All credit facilities with the Commonwealth Bank Ltd are secured by a first registered mortgage over the properties situated at 30-38 High St, 1-5 Baynes St and 2-4 Bayne St, Terang. Loans are also secured by equitable charge over the assets of the business. Unused available credit facilities at 28 February 2021 amounted to \$2,065,000.



Audit REPORT

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE 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 2021, 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 2021.

In our opinion, the accompanying concise financial report, of Terang and District Co-operative Limited, complies with 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 27 May 2021.

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.



MCLAREN HUNT AUDIT AND ASSURANCE
Chairman



N.L. MCLEAN
Partner

Dated at Warrnambool: 27th May 2021

Liability limited by a scheme approved under
Professional Standards Legislation.

Notice of GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 112TH ANNUAL GENERAL MEETING OF THE TERANG & DISTRICT CO-OPERATIVE LIMITED WILL BE HELD IN THE TERANG CO-OP BOARD ROOM AT 30-38 HIGH STREET, TERANG ON FRIDAY 2ND JULY 2021 AT 11AM.

ADDITIONAL GUIDANCE REGARDING ANNUAL GENERAL MEETING

Due to the potential for pandemic restrictions to be imposed at short notice, Members are welcome to remotely attend the AGM using our online platform. If Members wish to attend the AGM online, they may do so by providing their name, membership number and email address to the Co-op Secretary by Wednesday 30th June at secretary@terangcoop.com.au to receive an online invitation link to the AGM.

BUSINESS

1. To confirm the Minutes of the 111th Annual General Meeting held on 30th September 2020
2. To receive and adopt the Financial Statements, Directors' Report and Auditor's Report for the year ending 28th February 2021
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



conveniently yours

30-38 High Street, Terang VIC 3264

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www.terangcoop.com.au

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