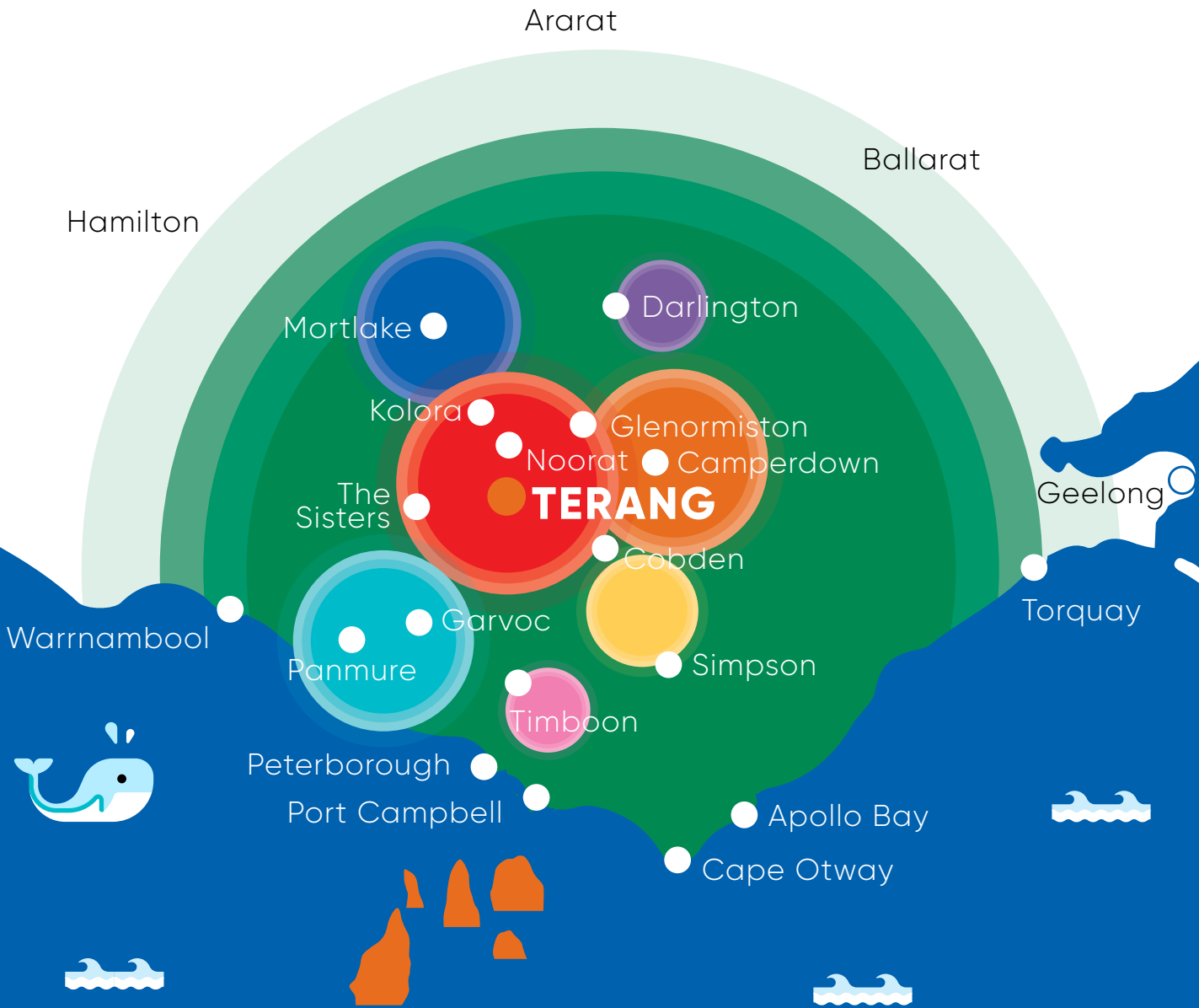




TERANG & DISTRICT CO-OPERATIVE LIMITED

# ANNUAL REPORT

# 2021-2022



*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 is deputy chair of the Co-op and serves on both the Governance Committee and 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. 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 chairs 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 operates a wedding and event hire business, Lush Events, and 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 2021-2022 ANNUAL REPORT.

Whilst COVID-19 is still with us on a daily basis, this year was always going to be hard work trying to retain the business and customers delivered to us last year due to travel restrictions, lockdowns and a general feeling in our communities of not wanting to venture far. We set bold targets, not really knowing how the year would pan out and our results were far better than we could have imagined. As we shrug off the final effects of COVID-19 we can certainly look forward to greater success across the Co-op.

Our IGA Supermarket has continued to thrive in our community on the back of our refurbishment and has continued to serve our valued customers, members and the Co-op well. Ably led by Paul Bailey and Darren Gee the shop floor has seen new open display cases in the deli replacing outdated high profile display equipment. This has really contributed to the fresh feeling of the vegetable and deli offering and it is very pleasing to see the continued growth of these areas.

Topping off the year with an award at the State IGA Awards of Retail Excellence, we were very excited to receive the award for Best Grocery and General Merchandise Department. This is a great reward for the diligence and hard work of all of our IGA employees. Congratulations to all the staff, category managers and store managers for their hard work that is being noticed State wide. To be recognised in such a manner, given that COVID-19 still presents daily challenges, is a wonderful effort that reflects the commitment of all staff to customer service and teamwork. Well done.

Our hardware businesses continue to go from strength to strength. Michael Boote and Jo Bailey, and their teams, continue to present a bright welcoming store experience, day in and day out. They too were in the awards mix with Terang Mitre10 being a finalist in Hardware Australia Store of the year and Jo Bailey a finalist in Hardware Australia Employee of the Year.

Topping this off we had Camperdown taking out the award for small format Mitre10 Store of the year for Victoria/Tasmania. Like our IGA, this is team recognition for the work our hardware staff do on a daily basis, making sure that the stores present well to our retail and trade customers, backed up with great service and an extremely healthy bottom line for both businesses.

Our Rural Store Manager, Alison Lee, stepped aside as she brought into the world a lovely baby bundle and handed

over to Will Bredin. Will has been working to freshen up the store and rationalise the stock holdings, working towards increasing the efficiency and reach of this rural aspect of our Co-op businesses.

After many months of working with a south-east South Australian GEA branded dairy services business we were able to close our 360 Dairy Solutions division and just focus work activities on the sheet metal services side of that business.

Conscious of the dependence of many Co-op members on dairy services, this liaison work has evolved an ongoing availability of GEA based support for our Dairy Solutions customers and allowed the Co-op to focus on our strategic retail business strengths. As sad as closing part of a Co-op business is, this is a good outcome for Co-op and members and provided a seamless transition for customers to the new provider.

This year's trading has again been strong for the Co-op and the Board and Management are pleased to announce a profit before tax of \$821,835, a sound follow up to last year's record figure and a great testament to the hard work our staff have put in to retain the custom from last year.

We are also pleased to announce that \$72,721 has been distributed in sponsorship and donations to many of our community organisations. Also, in the last year your Co-op accrued \$286,513 in members' rewards to thank you all for your patronage and loyalty.

The Co-op Board also decided to again waive this year's points expiry at the end of February as a profit-sharing members reward.

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 189 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.

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. Your

Board are very confident that our Co-op will continue to grow as we head into our 115th year of operation.

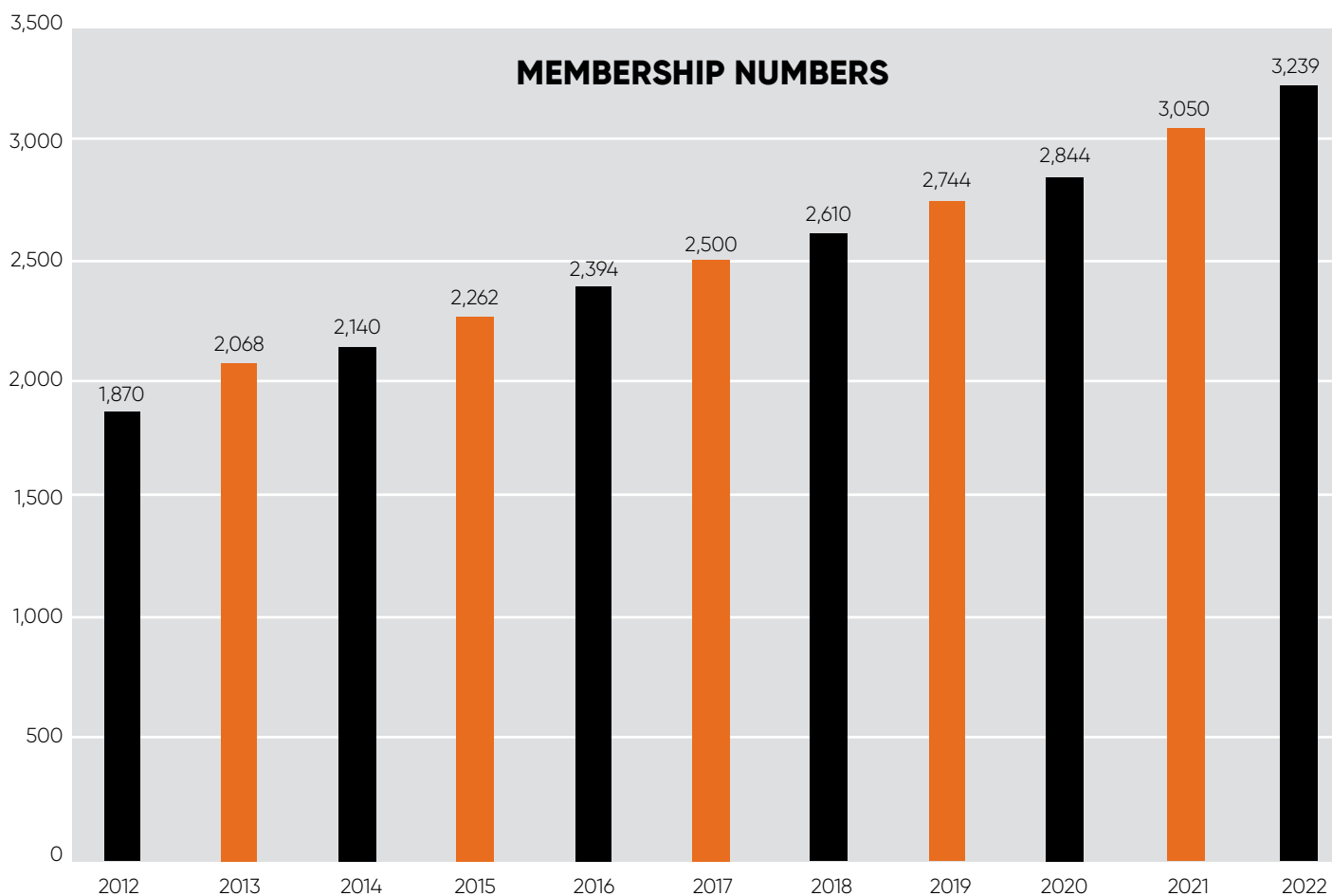
Thank You

**GEOFF BARBY**

**Chairman**



## 2022 AT A GLANCE



# CEO REPORT

THE 2021-22 FINANCIAL YEAR PROVED TO BE ANOTHER, CHALLENGING AND EXCITING BUSINESS YEAR WITH CONTINUED CHANGE ACROSS THE CO-OP.

The final turnover of \$29m is another great result, \$2.3m, or 7.5%, below the previous record year.

We were close to meeting the sales objectives which is principally due to changes made in business practices in the past. We captured more gross profit with better controls in place and the management team managed to deliver another extremely good net profit for the Co-op.

As in the previous year we had consistent COVID-19 challenges, intermittent lock downs, administration staff working from home and, last year, staff needing to isolate for seven days for having COVID-19 or by being a close associate. 2021 was another tricky year in that regard.

Achieving a total turnover of \$29m, the Co-op exceeded the pre-Covid 2019-20 year turnover by 18%. This growth was built off strong IGA + Liquor sales and consistent sales performance from both Mitre 10 businesses. Our rural businesses delivered mixed results with the Rural Store continuing a slow but steady pattern of growth but with 360 Dairy Solutions requiring greater senior management focus as the year progressed.

Management continued to focus on operational capability, prudent business controls and capturing sales growth across the board, delivering a final business profit of \$821,835. As with the previous financial year this is certainly a result for all to celebrate and to be exceptionally proud of.

The Executive and Board continued to focus on achieving industry benchmarks as we had targeted in 2020-21. The result continues to build on our previous years achievements. This can be attributed to the entire team as we lock in the operational changes, along with staff members taking ownership of their roles and realising the importance of the implementation of best practices in all business operations.

We are very proud of what we have been able to deliver to our community in the last couple of years. Not only do we have a great supermarket, a great trade and retail home improvement store, we have an engaging and exciting community Co-op.


Our Co-operative is being nominated for state awards in many facets of our businesses. Both Mitre 10 businesses have received nominations for business awards, with

Camperdown winning the best small format Mitre 10 award. Our IGA + Liquor received seven state nominations in the Supa IGA category, which is an amazing achievement in just being nominated. We came away with our Grocery & Merchandise offer being awarded the best in that category for the state. It is member support of the Co-op that enables the Board to reinvest in our businesses, enables us to keep up with current national trends or standards, and helps keep the Co-op and town vibrant and interesting.

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, and freight and maintenance providers in all areas of our operations. The Co-op has maintained the focus on supporting local suppliers. Our IGA + Liquor supports local wherever possible by stocking local products and items supplied by local and southwest Victorian growers and suppliers.

In 2020 we introduced step one of a management program developed with the Victorian Chamber of Commerce and Industry, hosting a day's introductory management training in Noorat. We repeated this course in 2021 and added a more advanced course for our initial management group. The training program was made up of current personnel in management or supervisory roles and staff members who have shown the potential to assume management roles in the future. This is the beginning of our succession planning 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 to ensure we are well placed with capable and skilled staff members to fill roles within the organisation as they become vacant.

We continued our sponsorship and donations program supporting numerous community organisations in the district. Again in 2021-22, where many organisations were 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 program from our members' and the communities' day to day patronage of Co-op businesses. Your support of us enables us to support your community!



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 continued to focus on 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 planning for the next 5 years.

In previous years' reports, I impressed on culture change. We feel that we have moved a long way towards our goal of culture change and I am impressed by the positive feedback we now receive from members. We have budgeted to survey staff and members, to measure any culture change to date, which we will do in the near future.

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 continued to focus on raising the bar in how the Co-op is presented to the public. The management team are to be congratulated for the significant changes in culture to date.

Our IGA + Liquor Supermarket continues to lead our business activities and performs well, delivering revenue of over \$15.5m. Our major upgrade in 2020 has continued to raise our supermarket standards and deliver increased basket sales. The fresh offer continues to evolve and delight members and our sales remain strong. The deli counter team continue to enhance the offer as we build on an ever-increasing demand for greater variety. Our online shopping and home delivery service continues to meet the needs of a growing segment of our customer base, and we intend to review this sector of the business in 2022 with a focus on driving more efficiencies.

A big thanks to all supermarket staff for working with us this year, embracing the challenges of change, and making our IGA + Liquor a great place to work. A number of staff have embraced expanded roles and stepped up admirably. Appreciative thanks go to Paul Bailey (Supermarket Manager) and Darren Gee (Assistant Manager) who continue to deliver an amazing shop everyday no matter what challenges are going on behind the scenes.

2021 has been another year of change around the Rural Store, especially with staff. Alison Lee has taken time out for family whilst Will Bredin stepped in as manager in her absence. Will has continued to work his way through

the business, improving the rural offer and housekeeping standards, and has on board an enthusiastic team.

The rural store team set about ensuring the business continues to improve in stock and endeavour to continue 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. Unfortunately, we didn't achieve our sales target and therefore did not achieve the expected budget result. Big thanks to Alison, Will and the team for their contribution throughout the 2021-22 year.

2021-22 was always going to be a defining year for the 360 Dairy Solutions business as, in the past, the business had failed to deliver expected results. There have always been extraneous factors preventing quality performance from this business. Significant management time has been spent on identifying key factors in business improvement and turnaround over the time the Co-op operated the dairy service business. In 2021 management undertook a more forensic look at just how 360 Dairy Solutions performed in relation to other Co-op businesses, how this business fitted or complimented the Co-ops strengths and whether this business did fit in the long-term strategy of the Co-op.

The board accepted the management recommendation that the Co-op should look to exit the dairy service segment of the business and we should look for a willing party to take over this business. We did not have to look too far to find DTSE, a Mt Gambier GEA dealership, who were happy to acquire the necessary assets of 360 Dairy Solutions. We strongly believe that this decision is in the best interests of both the Co-op and members. We plan to continue the sheet metal, folding & hydraulic repair business on the Peterborough Road site as we have since 2014.

The Co-op's hardware division traded more than 5% up in revenue on the previous year, which in turn had seen 38% revenue growth on the year before that. The change to Mitre 10, management changes, improved merchandising standards and stock levels have all contributed to a complete overhaul of the Mitre 10 business.

A midyear lockdown adversely effected sales but the recovery following that lockdown was strong. The trade business remained strong with substantial activity in the local building sector and a strong funnel of shed sales kept Mitre 10 ahead of the previous year.

As noted in my 2020-21 report, significant staff changes in Camperdown have been very positive for the business and have built on the strong foundations following the re-merchandising of the store three years ago. This business continues to go from strength to strength and delivered strong growth in 2021-22. The change to Mitre 10 not only lifted our image in the market but the stronger marketing and much improved merchandising seem to meet the demand and expectations of our customers.



The mighty Mitre 10 team, under Jo Bailey (Retail) and Michael Boote (Trade), continue to radically raise the bar across the business both through the customer service experience and ensuring that, often, 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.

We have a very strong home improvement offer in comparison to similar towns across the state, or country for that matter, and one which we can be extremely proud of. In testament to these comments, Mitre 10 Camperdown was judged the best small format store in the Independent Hardware awards for Vic/Tas and the Terang Mitre 10 is a nominated finalist in the Hardware Association Australia Store of the Year for Vic/Tas, along with Jo Bailey being nominated for the Hardware Association Employee of the Year. Well done, Jo!

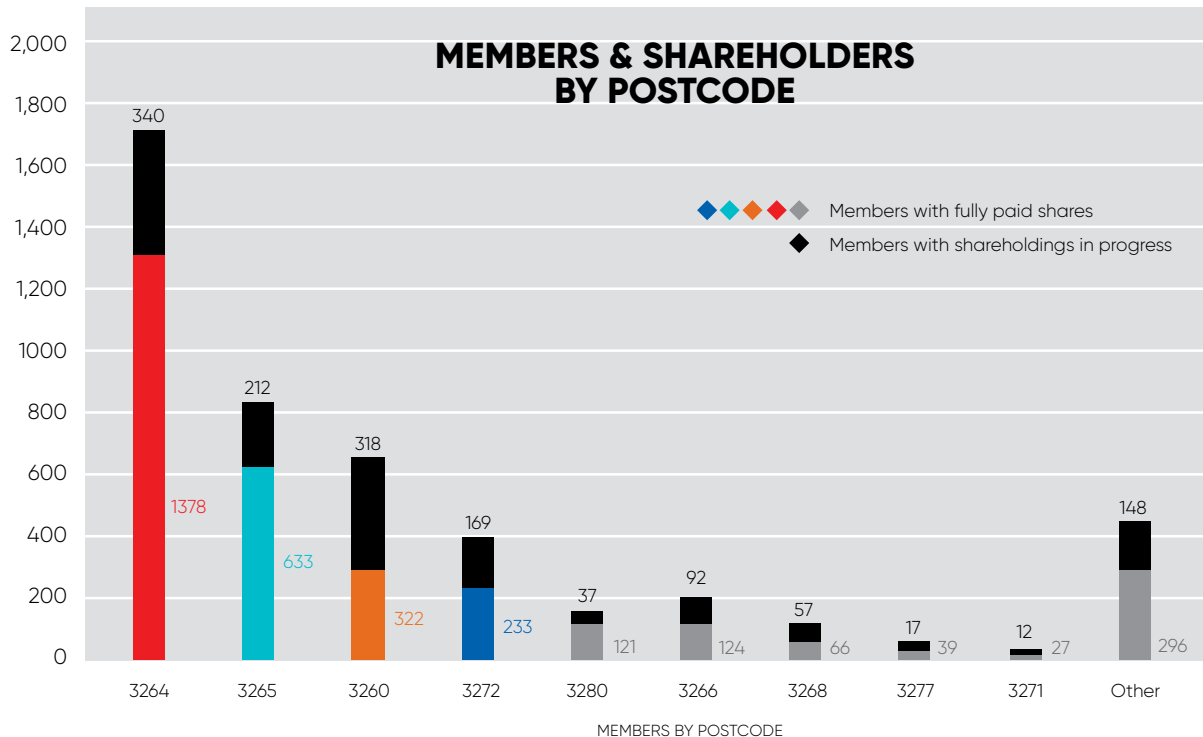
We continue to keep in mind our strategic plan for the next 3 to 5 years. We have considerable focus on our business and information systems in looking to make improvements. We are planning on developing a total integration of systems, with a view to faster access to crucial sales and

inventory data linked with a comprehensive membership relations management program. This will lead 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.

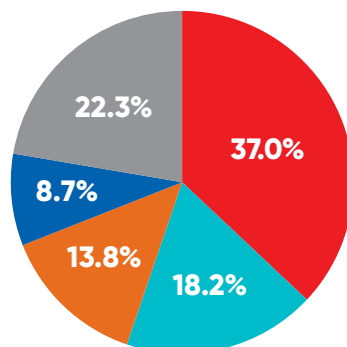
I appreciate the Board's support and assistance from the management group and team members throughout the Co-op. I record my appreciation of all your efforts. It is a team I continue to be pleased and proud to be part of. It is hard work, but with persistence and teamwork we will achieve all we can for 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. I look forward to celebrating another year's trading into 2022-23, building on the strengths of the Terang & District Co-operative Limited.



**KEVIN FORD**  
Chief Executive Officer

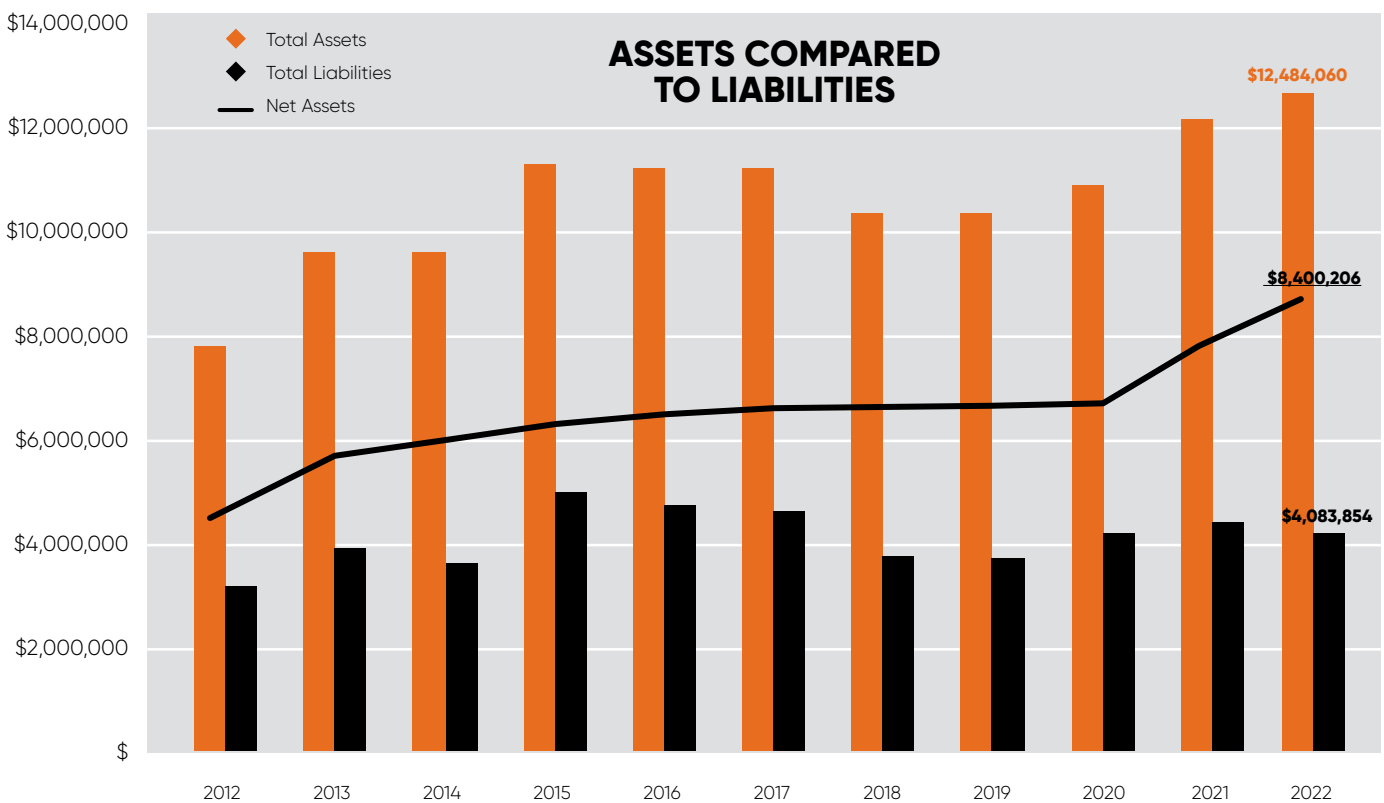
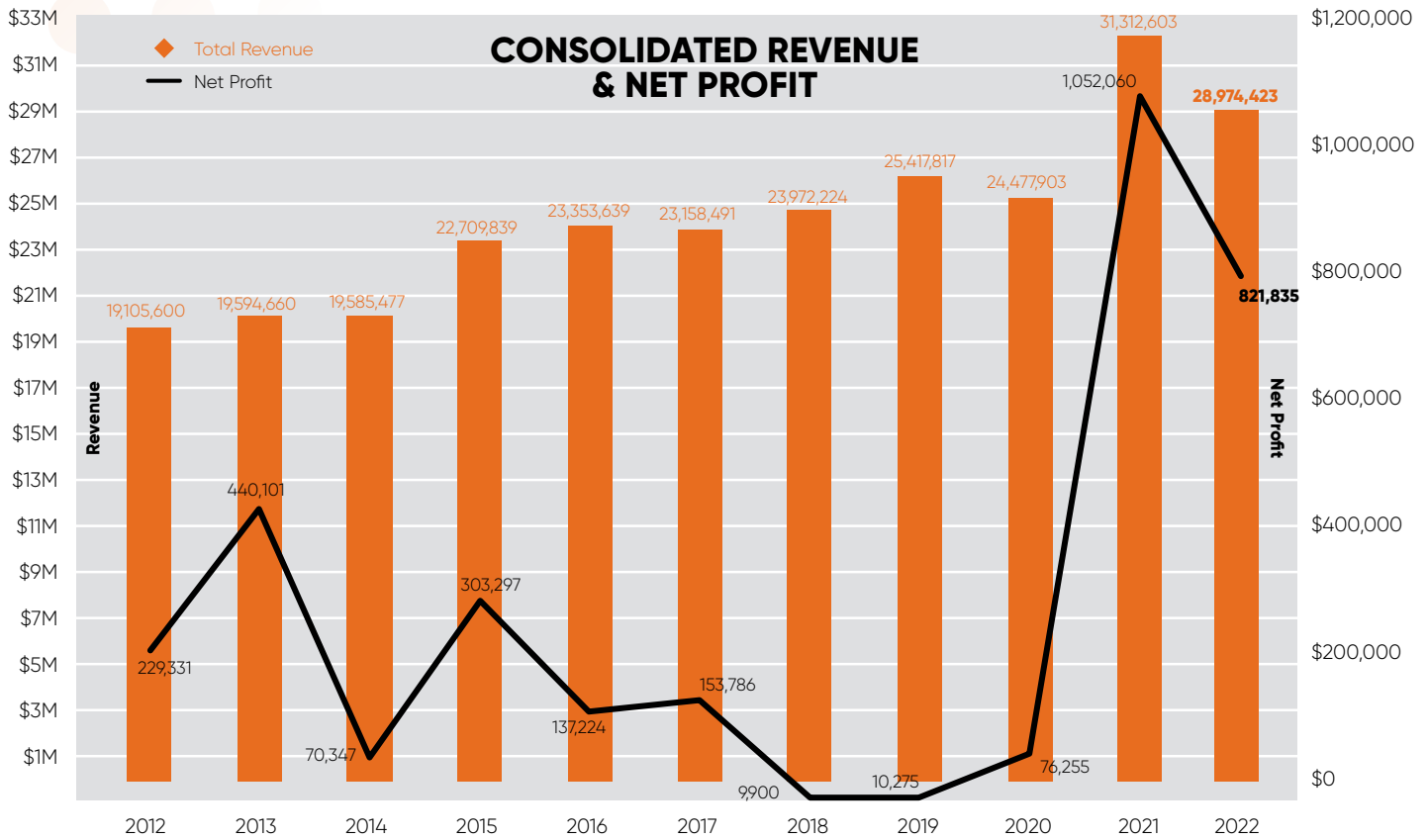


**MEMBERS & SHAREHOLDERS BY POSTCODE (%)**



- POSTCODE
- 3264
  - 3265
  - Other
  - 3260
  - 3272

# 2022 AT A GLANCE





# Directors' REPORT

YOUR DIRECTORS PRESENT THEIR REPORT ON THE TERANG & DISTRICT CO-OPERATIVE LIMITED FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022.

## 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

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
Geoff Barby	10	11
Brendan Kenna	10	11
Nigel Bruckner	9	11
Vicki Whiting	11	11
Linda Kenna	11	11
Robert Durant	11	11
Elizabeth Green	9	11

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**

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

### **COMMITTEE: GOVERNANCE**

Directors	Other Members
Elizabeth Green	Kevin Ford, CEO
Geoff Barby	Robert Lane, Consultant
Linda Kenna	

### **COMMITTEE: STRATEGY AND RISK**

Directors	Other Members
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 \$642,949 (2021 : \$792,969).

## 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 Cooperative.

## 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 2022.

## 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 25th day of May 2022.

# 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

THE HARDWARE DIVISION ENJOYED A VERY SUCCESSFUL FINANCIAL YEAR, CONTINUING WITH THE STRONG TRADING RESULT THAT WE HAD EXPERIENCED IN THE PREVIOUS FINANCIAL PERIOD BY ACHIEVING ANOTHER RECORD TURNOVER.

This result was despite COVID-19 continuing to disrupt our business activities in so many ways. We went through four periods of hard lockdown for the year. This totalled forty-four days with our Hardware stores' doors closed to all customers other than essential workers and trades. Through all of that we still were able to service our customers to an outstanding level utilizing a variety of cashless methods such as Click & Collect, contactless delivery and contactless call and collect from within our carparks.

Our Mitre 10 central distribution warehouse suffered from many COVID-19 impacts and this had a big effect on stock levels causing shortages in many lines. Imported products, both manufactured and timber, also were badly impacted by the global knock-on effects of COVID-19 restrictions, further exacerbating supply issues.

Throughout all of these impacts, our staff continued to find a way to meet demand and deliver "Mighty Helpful" experiences for our customers.

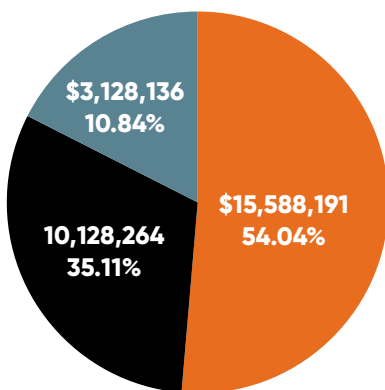
Prior to Christmas 2021, we added Kings Outdoor to our range of products at the Terang store which, with a greatly increased offer in our range of gift lines, created considerable additional foot traffic resulting in strong sales growth across those categories.

In a year with quite a few highlights for the hardware team, at the top of the list, our Camperdown store was nominated for and won the Mitre10 Small Format Store of the Year for the Victoria and Tasmania region. This wonderful result is a fitting recognition of the dedication and effort that our team at Camperdown put in each and every day to deliver a well-presented store with exceptional customer service levels.

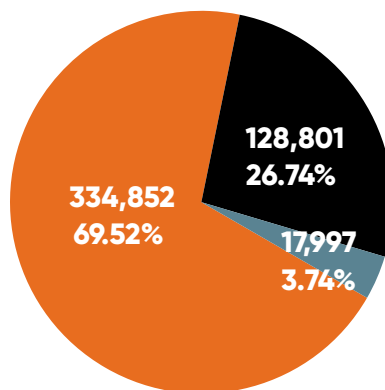
We continue our quest for successful change and would like to thank the whole team for their support and help this year in improving how we meet the needs of members and customers.

## 2022 AT A GLANCE

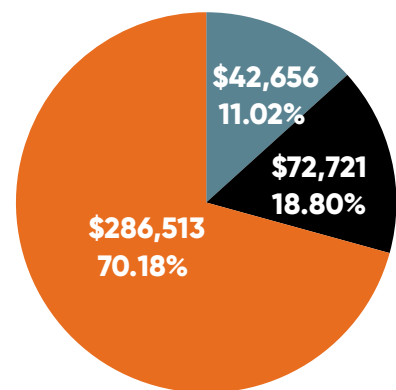
REVENUE SHARE



CUSTOMER VISITS



BENEFITS DISTRIBUTED



- Hardware & Timber Stores
- Rural Division
- Supermarket

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

# Managers' COMMENTS



## PAUL BAILEY

### Manager of the Supa IGA store

IN SPITE OF ANOTHER CHALLENGING YEAR, WITH THE CONTINUING IMPACTS OF COVID-19 BEING FELT BOTH LOCALLY AND BEYOND, WE HAVE ENJOYED ANOTHER HIGHLY SUCCESSFUL YEAR AT THE SUPERMARKET OVER THE PAST FINANCIAL YEAR.

The fantastic 16% growth in sales last year, the first year of the pandemic, was a hard act to follow. This was consolidated upon in 2021-22 with most of this growth kept by the Co-op. The final result in 2021-22 was a \$712,895 profit, down slightly on the 2020-21 \$734,791 profit.

Widespread stock shortages have unfortunately often affected stock levels and availability within the Supermarket throughout the year. However, towards the end of the financial year we are beginning to see a return to normal levels again.

On a positive note, our fantastic team have been able to respond to customer feedback by introducing a wider range of new and exciting products across the whole supermarket.

We have seen a huge increase in customer online shopping, and our team as always has worked hard to pack and deliver these orders on time. This contactless delivery service has proven to be vital to our local community who have been affected by COVID-19 throughout the year.

I would like to thank my management team and the hard-working staff who, as always, have worked tirelessly and often under challenging circumstances, to deliver excellent service and results.

Their efforts were duly reflected by numerous nominations for awards of excellence at the IGA awards evening. We are very proud to have taken out the award for 'The Best Grocery and General Merchandise Department' for Victoria in the Supa IGA category.

We are now in the running for the national award in this category in July. This award is a credit to our whole Supermarket and I am always very proud of our team.

Finally, I would like to thank our members and customers for their continued support. Without them we could not have achieved the great success this year. We continue to welcome new members and customers to our wonderful store.

# Managers' COMMENTS



## WILL BREDIN

### Manager of the Rural Store

THE RURAL STORE IN 2021-22 HAS AGAIN BEEN DOMINATED BY COVID-19; MASK WEARING, QR CODES, STAFF ABSENCES, MANDATORY VACCINATIONS AND DAILY SANITIZING.

This was experienced by all staff, members and customers, but we are continuing to face challenges associated with the pandemic. Rising costs, particularly steel and freight, and the variable availability of goods, especially those from overseas, are ongoing issues we need to deal with.

The resilience of the staff keeping the Rural Store open and trading as an "essential business" is an excellent example of the cohesion of our developing Rural Store team.

Affiliation with the NRI has given us some protection from rising costs and provided some valuable forecasting of goods availability.

Capital improvements in the warehouse have seen repairs to the concrete flooring and added further shelving in the drive-through. This gave us the opportunity to change the layout to better reflect the equine and poultry range that the Rural Store continues to stock.

Our extensive ruminant range, an area of the business that is a current focus, is finally all together in the drive-through too.

Our expanded range of Kaiwaka outdoor clothing and Bogs footwear have been extremely popular in the wetter months.

The Husqvarna brand continues to grow over the summer. We are confident that the availability of new stock will improve in 2022 so that we may be able to meet the demand for this sought-after Husqvarna brand. High demand for small engine servicing has also kept our team very busy.

While challenging, the past 12 months has given the Rural Store an opportunity to develop a refreshed, resilient and supportive team.

We look forward to seeing you all in 2022-23.

# 2021 - 2022 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED  
DIRECTORS' DECLARATION & CONCISE  
FINANCIAL REPORT FOR THE YEAR ENDED  
**28 FEBRUARY 2022**

## DIRECTORS DECLARATION

The directors of the Co-operative declare that the Concise Financial Report for the year ended 28 February 2022, 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 2022 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 25th day of May 2022.

## CONCISE FINANCIAL REPORT

The concise financial report is an extract from the full financial report for the year ended 28 February 2022. The financial statements and disclosures in the concise financial report have been derived from the 2022 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 2022 Financial Report of Terang & District Co-operative Limited.

### INCOME STATEMENT

The profit before income tax for the 2022 financial year is \$821,835 which represents a decrease of \$230,225 on the \$1,052,060 profit for the previous year.

The Hardware & Timber segment result for 2022 was a \$696,275 profit, a solid consolidation of the \$674,475 profit earned last year. Following the stunning revenue growth of 38% in the opening pandemic year, members and customers stayed on to push revenue up a further 5% in 2022. Gross margins were slightly down on 2021 but actually up on expectations set for the second pandemic year. Employee costs were managed well and were up by a little over 2%.

In the Rural segment, a revenue decrease of over 42% reflected the winding down of the dairy services outlet closed in early 2022. The \$587,335 loss is a big slump on last

year's \$357,206 loss and is indicative of the write down of stock holdings at the closed dairy services outlet. Setting this closure aside, sales fell compared to 2021 and were below budget in ongoing operations. However, gross margins improved a little and payroll costs were well held.

The Supermarket segment again performed well. After last year's revenue growth of over 16%, there was a small decline of 2% in 2022 revenue. A larger decline had been expected. Improved margins and stable payroll costs meant that the Supermarket was able to deliver a \$712,895 profit for 2022, down slightly on the 2021 \$734,791 profit.

The overall Co-op's 2022 financial performance is an excellent follow up to the record turnover and record profit achieved in 2021. During 2022 the Co-op consolidated customer support accumulated in the midst of the Covid-19 pandemic and following extensive store improvements across the Co-op.

### BALANCE SHEET

Capital expenditure of \$550,000 was undertaken in 2022 whilst bank debt did not materially change. Inventories declined over 2022, including due to stock write downs in the Rural segment. The cash position improved during 2022 due to the excellent trading result.

### CASH FLOW STATEMENT

Cash flow benefitted from the excellent 2021 trading result. Inventory and receivables were steady overall and did not have a significant effect on the year's net cash flow. Some of the cash flow was devoted to reducing payables whilst some was accumulated.

# 2021 - 2022

# FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED  
CONCISE FINANCIAL REPORT FOR THE YEAR  
ENDED **28 FEBRUARY 2022**

## STATEMENT OF COMPREHENSIVE INCOME

	2022 \$	2021 \$
Revenue	28,974,423	31,312,603
Cost of inventories	(21,846,542)	(23,695,372)
Employee benefits expense	(4,249,499)	(4,531,371)
Depreciation expense and amortisation	(502,887)	(396,988)
Finance costs	(2,928)	(6,480)
Other expenses	(1,550,732)	(1,630,332)
Profit before income tax	821,835	1,052,060
Income tax expense	(178,886)	(259,091)
<b>Profit for the financial year</b>	<b>642,949</b>	<b>792,969</b>
Other comprehensive income		
Revaluation of land and buildings	-	272,064
Change in tax rates on revaluation reserve	14,932	-
<b>Total comprehensive income for the year</b>	<b>657,881</b>	<b>1,065,033</b>

The accompanying notes form part of these financial statements

# 2021 - 2022 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED  
CONCISE FINANCIAL REPORT FOR THE YEAR  
ENDED **28 FEBRUARY 2022**

## BALANCE SHEET

	NOTE	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		561,747	94,279
Trade & other receivables		1,160,779	1,332,732
Inventories		3,959,389	4,215,145
Other assets		153,726	126,099
<b>TOTAL CURRENT ASSETS</b>		<b>5,835,641</b>	<b>5,768,255</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets		30,000	30,000
Property, plant and equipment	3	6,280,475	6,180,528
Deferred tax assets		261,750	274,689
Right of use assets		76,194	131,587
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,648,419</b>	<b>6,616,804</b>
<b>TOTAL ASSETS</b>		<b>12,484,060</b>	<b>12,385,059</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,782,500	2,725,314
Other liabilities		622,098	340,438
Lease liabilities		44,408	57,227
Interest bearing liabilities		20	-
Tax liabilities		192,608	75,276
Provisions		513,375	470,836
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,155,009</b>	<b>3,669,091</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		37,525	55,302
Tax liabilities		858,697	894,893
Provisions		32,623	32,332
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>928,845</b>	<b>982,527</b>
<b>TOTAL LIABILITIES</b>		<b>4,083,854</b>	<b>4,651,618</b>
<b>NET ASSETS</b>		<b>8,400,206</b>	<b>7,733,441</b>
<b>EQUITY</b>			
Contributed equity		177,444	168,560
Reserves		2,401,216	2,386,284
Retained profits		5,821,546	5,178,597
<b>TOTAL EQUITY</b>		<b>8,400,206</b>	<b>7,733,441</b>

The accompanying notes form part of these financial statements

2021 - 2022

# FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED  
 CONCISE FINANCIAL REPORT FOR THE YEAR  
 ENDED **28 FEBRUARY 2022**

## STATEMENT OF CHANGES IN EQUITY

	Contributed Equity \$	Retained Surplus \$	Revaluation Surplus \$	Total \$
<b>Balance at 1 March 2020</b>	<b>159,406</b>	<b>4,385,628</b>	<b>2,114,220</b>	<b>6,659,254</b>
Other comprehensive income	-	-	272,064	272,064
Surplus for the year	-	792,969	-	792,969
Shares issued/(redeemed)	9,154	-	-	9,154
<b>Balance at 29 February 2021</b>	<b>168,560</b>	<b>5,178,597</b>	<b>2,386,284</b>	<b>7,733,441</b>
<b>Balance at 1 March 2021</b>	<b>168,560</b>	<b>5,178,597</b>	<b>2,386,284</b>	<b>7,733,441</b>
Other comprehensive income	-	-	14,932	14,932
Surplus for the year	-	642,949	-	642,949
Shares issued/(redeemed)	8,884	-	-	8,884
<b>Balance at 28 February 2022</b>	<b>177,444</b>	<b>5,821,546</b>	<b>2,401,216</b>	<b>8,400,206</b>

The accompanying notes form part of these financial statements



# 2021 - 2022 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED  
CONCISE FINANCIAL REPORT FOR THE YEAR  
ENDED **28 FEBRUARY 2022**

## STATEMENT OF CASH FLOWS

	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	29,355,085	31,344,080
Payments to suppliers and employees	(28,232,658)	(29,392,835)
Dividends received	7,992	4,152
Finance costs	-	(2,822)
Income tax paid	(69,879)	(31,304)
<b>Net cash provided by / (used in) operating activities</b>	<b>1,060,540</b>	<b>1,921,271</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for property, plant & equipment	(549,108)	(1,289,396)
Proceeds from available for sale	-	18,610
Proceeds from sale of property, plant & equipment	6,698	7,169
<b>Net cash (used in) investing activities</b>	<b>(542,410)</b>	<b>(1,263,617)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of leasing liabilities	(59,566)	(57,981)
(Repayment of) / proceeds from borrowings	20	(610,000)
Proceeds from share issue /(payment for shares redeemed)	8,884	9,154
<b>Net cash provided by / (used in) financing activities</b>	<b>(50,662)</b>	<b>(658,827)</b>
Net increase / (decrease) in cash held	467,468	(1,173)
Cash and cash equivalents at beginning of year	94,279	95,452
<b>Cash and cash equivalents at end of year</b>	<b>561,747</b>	<b>94,279</b>

The accompanying notes form part of these financial statements

# 2021 - 2022 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED  
DIRECTORS' DECLARATION & CONCISE  
FINANCIAL REPORT FOR THE YEAR ENDED  
**28 FEBRUARY 2022**

## 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	
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total segment revenue									
10,128,264	9,647,302	3,128,136	5,430,654	15,588,191	15,918,950	227,779	289,969	<b>29,072,370</b>	<b>31,286,875</b>
Total segment expenses									
(9,431,989)	(8,972,827)	(3,715,471)	(5,787,860)	(14,875,296)	(15,184,159)	(227,779)	(289,969)	<b>(28,250,535)</b>	<b>(30,234,815)</b>
Operating result before tax									
696,275	674,475	(587,335)	(357,206)	712,895	734,791	-	-	<b>821,835</b>	<b>1,052,060</b>
Segment assets									
1,974,694	1,792,336	1,204,145	1,712,461	780,549	856,892	8,602,362	8,023,370	<b>12,561,750</b>	<b>12,385,059</b>
Segment liabilities									
-	-	-	-	-	-	4,161,544	4,651,618	<b>4,161,544</b>	<b>4,651,618</b>

# 2021 - 2022 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED  
CONCISE FINANCIAL REPORT FOR THE YEAR  
ENDED **28 FEBRUARY 2022**

## NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	2022 \$	2021 \$
Land - at valuation	1,295,000	1,295,000
Land - at cost	169,420	-
	1,464,420	1,295,000
Buildings - at valuation	3,400,000	3,400,000
Buildings - at cost	235,746	-
Accumulated depreciation	(104,539)	-
	3,531,207	3,400,000
Buildings - leasehold improvements - at cost	78,342	69,793
Accumulated depreciation	(63,512)	(60,765)
	14,830	9,028
<b>Total Buildings</b>	<b>3,546,037</b>	<b>3,409,028</b>
Plant & Equipment - at cost	1,840,873	2,552,422
Accumulated depreciation	(898,740)	(1,437,508)
	942,133	1,114,914
Motor Vehicles - at cost	709,437	710,766
Accumulated depreciation	(381,552)	(349,180)
	327,885	361,586
	<b>6,280,475</b>	<b>6,180,528</b>

### Valuations of land and buildings

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



**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 2022, 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 2022.

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 26 May 2022.

### 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 2022

Liability limited by a scheme approved under  
Professional Standards Legislation.

# Notice of ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 113TH 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 WEDNESDAY 29TH JUNE 2022 AT 11AM

## ADDITIONAL GUIDANCE REGARDING ANNUAL GENERAL MEETING

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 Monday 27th June 2022 at [secretary@terangcoop.com.au](mailto:secretary@terangcoop.com.au) to receive an online invitation link to the AGM.

## BUSINESS

1. To confirm the Minutes of the 112th Annual General Meeting held on 2nd July 2021
2. To receive and adopt the Financial Statements, Directors' Report and Auditor's Report for the year ending 28th February 2022
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

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[info@terangcoop.com.au](mailto:info@terangcoop.com.au)

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