



TERANG & DISTRICT CO-OPERATIVE LIMITED

ANNUAL REPORT

2022-2023

Giving back to the community since 2nd July 1908

Terang College **Kolora Noorat FNC**
St Thomas' Primary School Terang & District Racing Club
 TERANG MORTLAKE FNC **Camperdown College**
Terang Children's Centre Parent's Group
Terang Harness Racing Club
Mortlake Cricket Club **Camperdown Cricket Club**
South West Cricket Association **Terang Kindergarten**
Camperdown Bowling Club
RIDING FOR THE DISABLED GLENORMISTON **East Fram Golf Club** **TERANG WETLANDS COMMITTEE**
Noorat Show
Terang Fitness Centre **Terang Cricket Club** **TERANG TORNADES**
Noorat Cricket Club **Club** **Mortlake Lions Club**
TERANG RSL **Hampden Catholic Schools Network**
Terang Golf Club **Camperdown FNC**
Camperdown **CAMPERDOWN GOLF BOWLS CLUB**
Horse Trials *Garvoc Good Friday Appeal*
Terang & District Progress Society Gala **TERANG LIONS CLUB**
Corangamite Sportsman's Club **Nirranda FNC**
TERANG ATHLETICS CLUB

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 in a senior business management role within the public sector and has formerly held senior positions at Lyndoch Living Ltd and Mpower Inc. Elizabeth has also served in a variety of other community organizations in the local area.



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 chairs 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 & DISTRICT CO-OPERATIVE LIMITED, I AM PLEASED TO PRESENT THE 2022-2023 ANNUAL REPORT.

As a Board we continue to focus on 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.

As a co-operative, our members are one of our greatest assets and it is pleasing to see that our member numbers continue to grow with more than 130 new members this year. We know that there is a direct relationship between member numbers and the success of the Co-op. I would like to thank members for their support and encourage those in our communities who are not members to consider joining our Co-op membership.

The strength of our Co-op revolves around our interactions with our members and the communities in which we live. We are fortunate to have such a well-appointed IGA Supermarket and great Mitre 10 outlets across Terang and Camperdown as well as our Rural Store. This year we engaged with our members to seek their input into the future of the Rural Store. From in-store survey forms and on-line invitations to over 2,000 members and customers, we received over 170 responses to our Rural Store survey. You might not have heard much about it recently but the information has been collated and I feel quite excited with the outcome of the survey which you will see roll out over the coming year.

Our IGA and Mitre 10 stores have continued to develop and strive to meet our members' and customers' needs throughout the year, with award nominations again this year at State level for both the IGA and Mitre 10 groups. This is extremely encouraging and such recognition in these areas sits at the feet of all our employees, across the Co-op.

We know that together as a team we can really make a difference and we see that every day in the way customers are welcomed into our stores and the knowledge shared with customers from "Where is the chicken noodle soup?" to "What type of paint should I use on the walls in my kitchen?" and every customer touch point in between. In particular, it is great to see the young people who come fresh into the Co-op also displaying these quality customer service attributes, ably mentored and supported across the Co-op. Congratulations to our managers for fostering this supportive successful environment.

Throughout this year the Board has been focussed on two major investments into the successful future of our Co-op. These two bodies of work are a brand new computer system across the Co-op and, of course, the search for someone to continue the great work of our CEO Kevin Ford as he eyes the lure of travelling around Australia following retirement.

Our new computer system will replace our ageing current system and bring together the many disparate systems that currently run across the IGA, Mitre 10 and the Rural store, consolidating the information together to give us not only a strong and dependable point of sale experience across the Co-op but also being able to use information from across the Co-op easily to enhance our strategic planning and future development opportunities.

The CEO in any organisation is a critical player in the overall success of any business. The selection process for our new CEO commenced in October last year and attracted a large number of applicants. We are currently sorting out final details and we are confident that the appointment will be a great fit for the Co-op. Further, we are excited to see where the Co-op will be in five years' time. The process itself was extremely encouraging and challenging as a Board to both reinforce the current position we find ourselves in as a Co-op and to extend and stretch our thoughts as to where we can continue to grow and succeed. The announcement of the successful applicant is just around the corner.

This year we also commenced a review of the Co-op's constitution, driven by changes to legislation and the opportunity to update our operating rules to best reflect the current business environment. This is a significant body of work and members will see information related to proposed changes across the coming year, with the opportunity to vote on the proposed changes at our 2024 AGM.

This year's trading has continued to be strong for the Co-op and the Board and Management are pleased to announce a profit of \$1,053,015. This is an improvement on the past year and again a testament to the dedication and efforts of our staff across the Co-op. Together with this great result, we have been able to support our communities via sponsorship and donations to the tune of \$85,830, again a step up from last year and a very pleasing aspect of the co-operative model. This support, together with \$233,040 in members rewards for members loyalty and patronage, underlines the role of the Co-op in the local community, one which we, as a Board, do not take for granted.

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

I would also like to wish our retiring Board member, Vicki Whiting, well for the future and thank her for her input to Board operations over her term as a director. Vicki's strong links with Terang and the wider community has been a strong asset for the Board as we strive to meet our communities' needs as a Co-op. I would also like to take this opportunity to thank my fellow Board members for their dedication to their director roles and for the many hours that they commit to their Board and sub-committee roles.

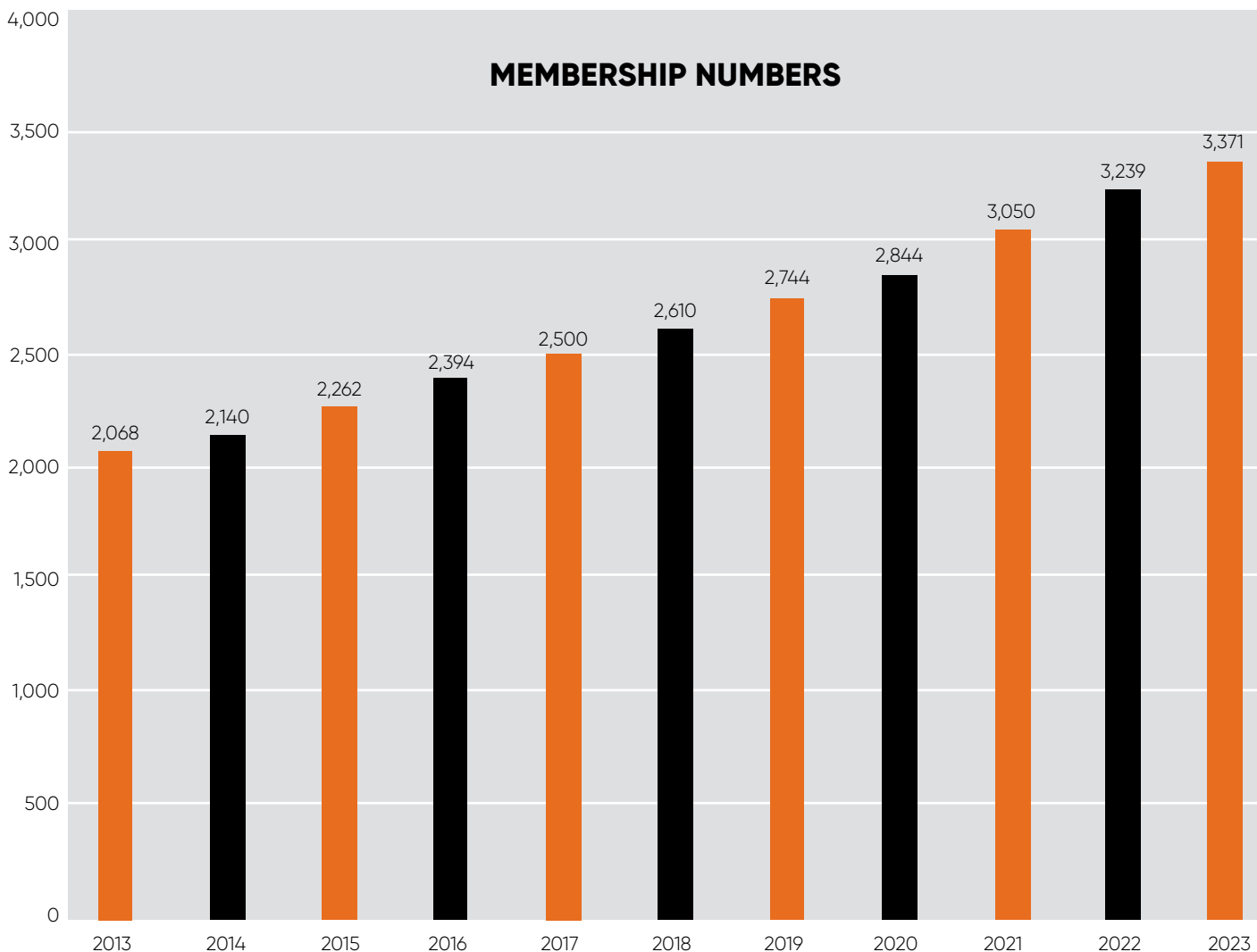
To our members and customers, who are the reason for our existence, we thank you for your patronage and trust. Your Board are very confident that our Co-op will continue to grow as we head into our 116th year of operation.

Thank You



GEOFF BARBY
Chairman

2023 AT A GLANCE



CEO REPORT

THE 2022-23 FINANCIAL YEAR PROVED TO BE ANOTHER, SUCCESSFUL AND EXCITING BUSINESS YEAR AS WE CONTINUED TO BUILD ON THE STRENGTHS OF OUR BUSINESSES ACROSS THE CO-OP.

The final turnover of \$28.4m is another great result, \$0.62m, or 2.1%, below the previous year.

We continued to trade strongly with sales falling just below the initial budget. We held the gross profit margin at 0.4% above 2021-22 and improved operating expense controls in place. The management team have delivered a record net profit for the Co-op.

This last year was far less impacted by COVID-19 and its inevitable lock downs and staff working remotely. For most of the year the people impact was just a 5-day isolation period. COVID-19 was far less intrusive on both staff absenteeism and product supply.

In achieving a total turnover of \$28.4m, Co-op revenue declined by just 2.1%. Considering we closed the dairy service side of the 360 Dairy Solutions operation at the beginning of the financial year the team achieved an outstanding result for members. The strong result was built on consistent sales performance from both Mitre 10 businesses and the perennial high performer, our IGA + Liquor. Both divisions scored exceptionally well in sales, margin management and living within their operating expense budgets.

Management continued to focus on operational capabilities, prudent business controls and capturing sales growth across the board, delivering the final business profit of \$1.053m. As with recent financial years, 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 previous years. 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 the community in the last few years. Not only do we have a great supermarket and a great trade and retail home improvement store, we have an engaging and exciting community co-operative. The successes of recent years allow the Board to contemplate and plan essential capital projects that will enable continued growth for the future of the Co-op.

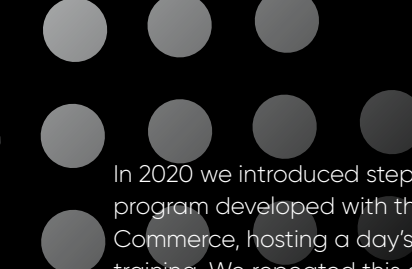
Again, as in recent years, our Co-op was nominated for state awards in many facets of our businesses. Both Mitre 10 businesses have received nominations for business awards, and our IGA + Liquor received several state nominations in the Supa IGA category, which is an amazing achievement to be nominated.

It is member support of the Co-op that enabled the Board to reinvest in our businesses, thus keeping the offer modern according to industry trends or standards. This keeps the Co-op and town vibrant and appealing. In the 2023-24 financial year we will be making a substantial investment in IT (information technology), introducing new operating systems into all business divisions of the co-operative. We have been working closely with IT suppliers to install new point of sale systems, a new financial system and a member/customer database.

One of the key functions of the new system is to have more immediate access to member data, especially the member points system, meaning that we expect your member data to update your points in the system on settlement of your most recent purchase. This will be a significant step forward for what in the past has been sadly lacking. The investment required for this capital project will exceed \$400k including new servers and backup systems.

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 a focus on supporting local suppliers, where possible. Our IGA + Liquor supports local wherever possible by stocking local products and items supplied by local and southwest Victorian growers and suppliers.

We continued our sponsorship and donations program supporting numerous community organisations in the district. Again in 2022-23, where some organisations were hampered from their normal activities throughout the year, we were pleased and proud to be able to continue to assist the community in these times. It is important to highlight 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!



In 2020 we introduced step one of a management program developed with the Victorian Chamber of Commerce, hosting a day's introductory management training. We repeated this course in 2021 and in 2022 added a more advanced course for the 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.

As with previous years, we worked on building towards continual business improvement with a focus on significant member engagement. 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 management, including clearance of slow moving and dead stock.
- Building on Co-op and staff culture
- Member engagement
- Strategic future

In previous years' reports, I highlighted 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.

Our IGA + Liquor Supermarket continues to be at the forefront of business activities and performs well, delivering revenue of over \$15.5m. The facelift to this business, in 2020, continues to preserve our supermarket standards and deliver strong basket sales. The fresh offer continues to evolve, delighting members and our sales remain strong. The deli counter team continue to enhance the offer as we exploit an ever-evolving demand for greater range. Our online shopping and home delivery service continues to meet the needs of a growing segment of our customer base. A review of this business has been completed and released to members in early 2023. The review is intended to improve our back of house operations and in due time we will be introducing added improvements in growth of products available for home delivery which we are sure will delight members, increasing demand for this service.

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 workplace. Several staff have embraced expanded roles and stepped up admirably in this last year. Deepest thanks go to Paul Bailey, Supermarket Manager, and Darren Gee, Assistant Manager, and the whole IGA + Liquor team who continue to deliver an amazing shop everyday no matter what challenges are going on behind the scenes.

2022-23 has been another year of change around the Rural Store, especially with staff as Will Bredin left us towards the end of 2022. Michael Boote has stepped in to manage the business overall with great support from

the team led by John Meade. Towards the end of 2022 the Co-op contracted consultants to carry out a survey of members looking to identify a distinct future direction and point of difference for the future of the rural business. This research is currently ongoing but under management guidance the Rural team have worked hard over the last 12 months to ensure we have cleared out the slow moving and dead stock and are now working on the primary offer to customers.

The Rural Store team continues to improve in stock products and endeavour to work on the overall rural offer. Unfortunately, we did not achieve our sales target and therefore did not achieve the expected budget bottom line result. Big thanks to John, Adam, Luke & the casual staff for their contribution throughout the 2022-23 year.

2022-23 began a new era for what was 360 Dairy Solutions. In the first quarter of the year the Co-op exited the dairy service portion of the business as was explained in my previous report. The following three quarters of the year focussed on the primary business of sheet metal folding, hydraulic repairs and clearing the flotsam and jetsam of what was dairy service stock and plant. Clearing up of this chaos taught us valuable lessons from the past which management and the Board can take into the future. The sheet metal and hydraulic repair business is now in a stronger position to advance into the future as a profitable enterprise.

Due to the expiry of the current Peterborough Road lease mid-year, we will be moving the sheet metal & hydraulic repair business to a more convenient location closer to the Terang Mitre 10. We envisage several operation cost savings in moving the business closer to the town.

The Co-op's hardware division traded well over the last year maintaining growth with total revenues above \$10m. Sales continue to grow steadily both in trade and retail. Mitre 10 has introduced new opportunities. We have upskilled the management team, improved merchandising standards and ensured we carry adequate stock levels. This has all contributed to the growth and associated success of the Mitre 10 business. The changes across the board within the Mitre 10 business are the principal deliverer of the much-improved bottom line results to the Co-op.

Adding Kings Adventure products, in late 2021, to the camping outdoors category has highlighted both the potential of the market and the lack of retail space we have available. This means we physically cannot deliver both the depth and width required to meet the market needs. Addressing the space issues will be a challenge for both Mitre 10 Stores and strategically at Board level in the short to medium term.

The trade business remained strong with plenty of activity in the local building sector and a strong funnel of shed sales kept Mitre 10 ahead of the previous year. Camperdown Mitre 10 continues to be a very positive story following on from the upgrade in 2018.

This business continues to go from strength to strength delivering consistently over the year under an excellent management team. Lack of physical space is a limiting factor for this business over any other of the Co-op's businesses. The Mitre 10 brand has lifted our image in the market with convincing marketing and consistent quality merchandising meeting the expectations of our customers.

The "Mighty" Mitre 10 team, under Jo Bailey (Retail) and Michael Boote (Trade), have continued to fundamentally raise the bar across the business both through the customer service experience and ensuring that we have the products in stock 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. A big thanks to the Mitre 10 team for all they have achieved in this last year.

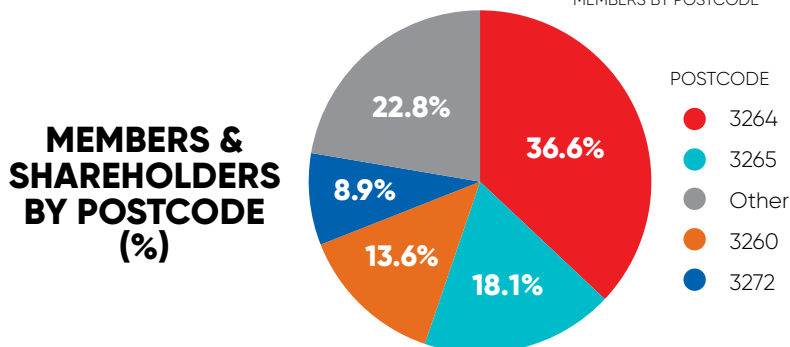
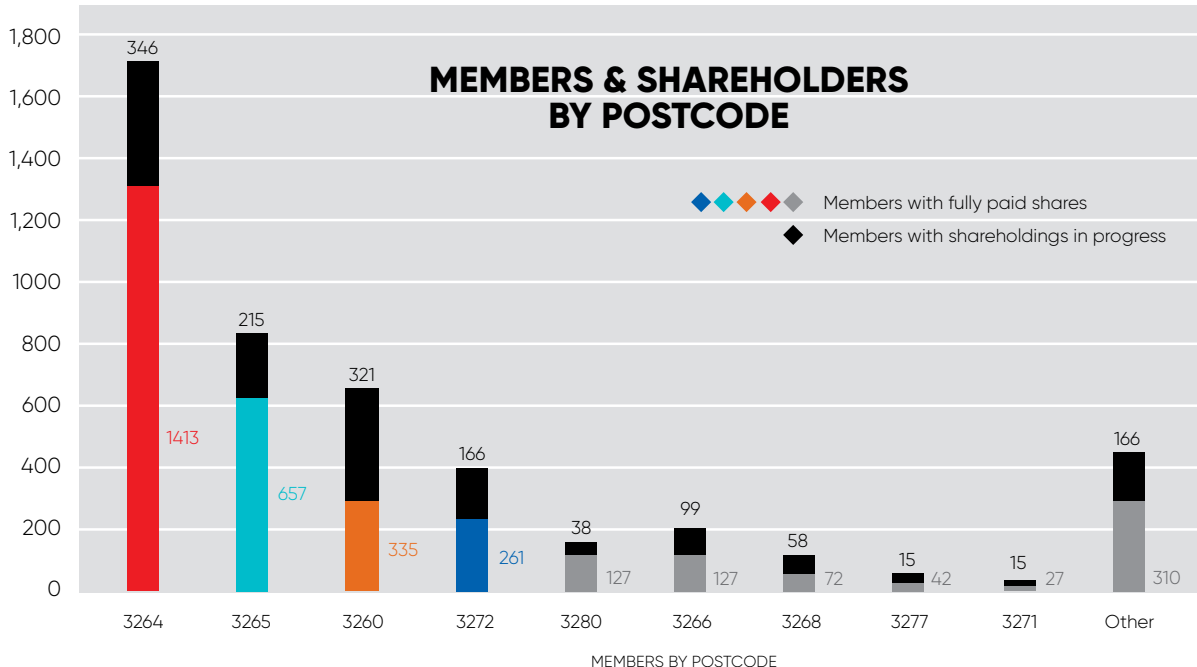
The Co-operative's strategic plan addresses future capital projects which now require attention, especially regarding retail space within Co-op businesses. As previously mentioned, Mitre 10 is now over trading their allocated space and IGA + Liquor is fast becoming a priority for growth in m². In the immediate term we will be addressing the business and information systems throughout the Co-op by optimum integration of systems, with a view to faster access to crucial sales and inventory data linked with a comprehensive membership management program,

leading to better, more informed management decisions. In other words, the Co-op will evolve and change in an ongoing process of continual business improvement moving forward.

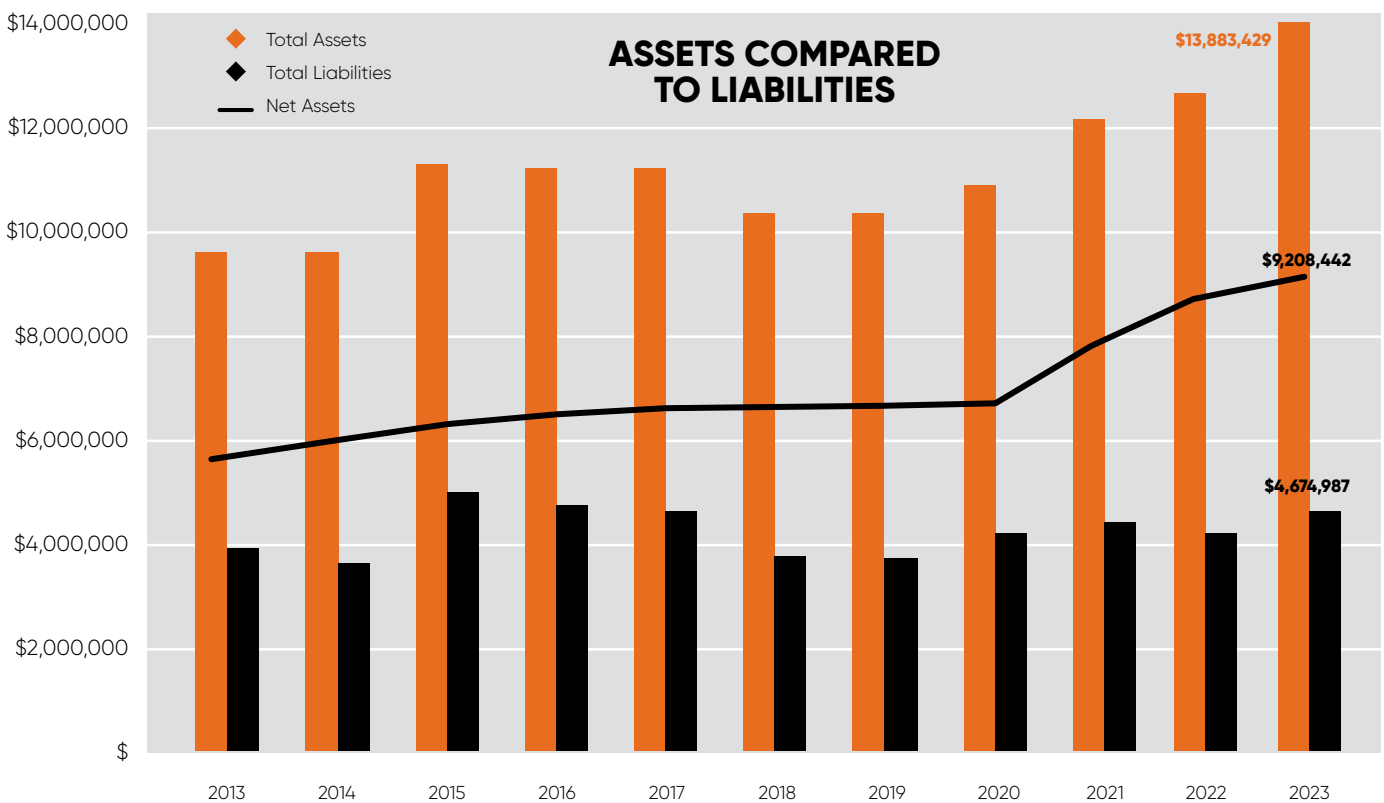
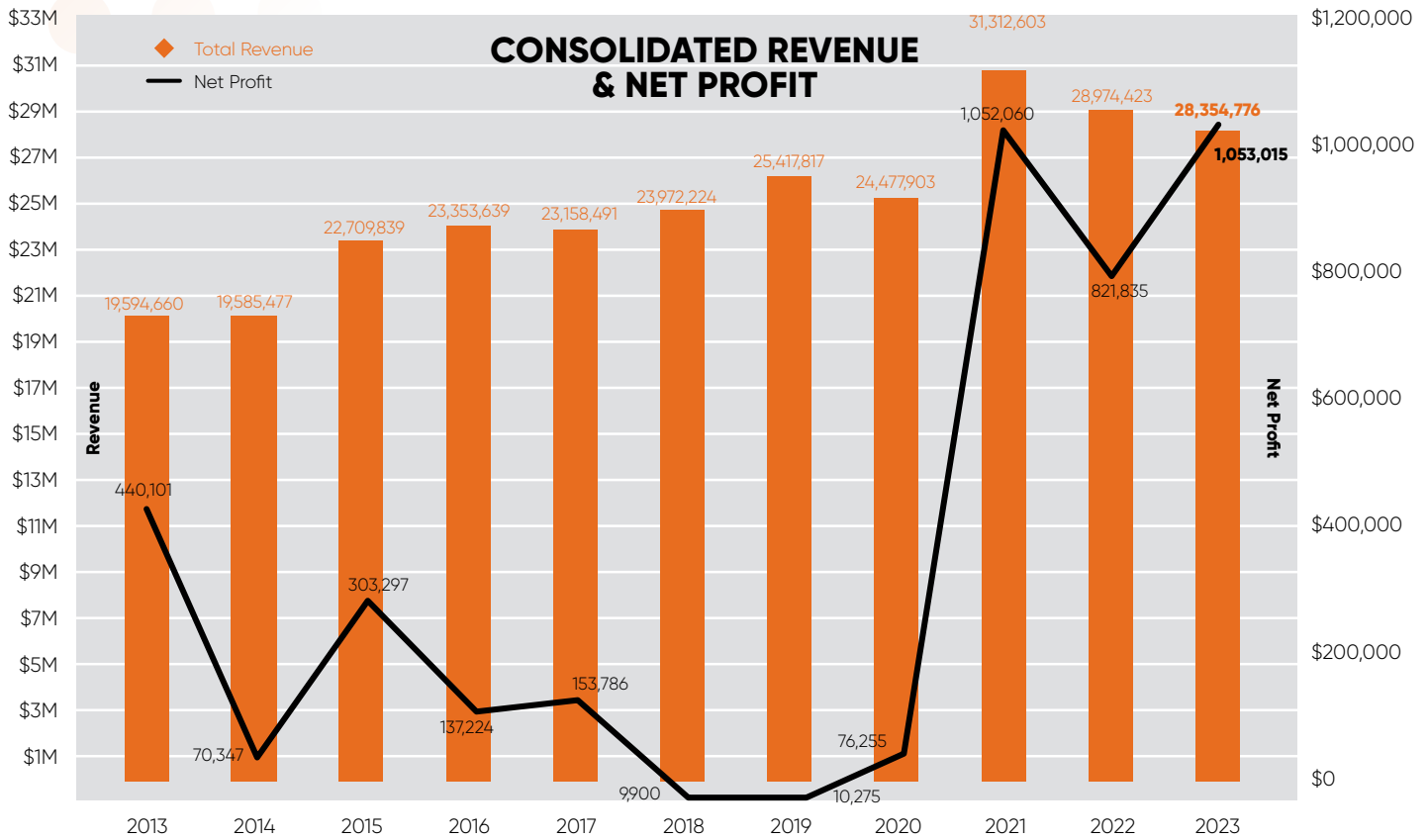
I appreciate the Board's support and assistance from the management group and team members throughout the Co-op. I record my appreciation of all your efforts. It is a team I am so pleased to have led for the last 6 plus years. It is time for me to formally say that this will be my last members' annual report as you are all widely aware that I intend to retire at a time which is mutually suitable to both me and the Co-op which, at this point, will most likely be the last quarter of 2023. In conclusion, I would like to say a big thank you to you, our loyal customers and valued members of the Co-op. I have enjoyed my role as a change manager over the last six years and will forever feel proud of what we have achieved and how far we have progressed as a successful business over that time. I thank you all and wish you all the very best for an exciting and positive future.



KEVIN FORD
Chief Executive Officer



2023 AT A GLANCE



Directors' REPORT

YOUR DIRECTORS PRESENT THEIR REPORT ON THE TERANG & DISTRICT CO-OPERATIVE LIMITED FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023.

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	7	11
Brendan Kenna	10	11
Nigel Bruckner	10	11
Vicki Whiting	8	11
Linda Kenna	10	11
Robert Durant	9	11
Elizabeth Green	10	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 \$800,013 (2022 : \$642,949).

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 2023.

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 31st day of May 2023.

Managers' COMMENTS



JO BAILEY

Retail Manager

Terang and Camperdown Mitre 10 stores



MICHAEL BOOTE

Trade & Sheetmetal 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 TWO PERIODS BY ACHIEVING ANOTHER ABOVE BUDGET TURNOVER.

Not only did the two Mitre 10 stores achieve their target sales, but they also bettered all of the key cost control measures in the budget, which gave the division a very healthy outcome for the year.

With the discontinuation of Covid-19 restrictions, the business settled into a more normal trading pattern while stock shipments from our distribution warehouse and other suppliers returned to levels closer to what we are normally accustomed to. Even now though, we are still experiencing some tightness in supply in some stock lines.

Staff at both Camperdown and Terang stores continue to work diligently on raising the bar each and every year, as they have again this year, with regard to range and presentation of stock, and site presentation. We will continue to strive to reach Best Store in Town status and deliver on our Mighty Helpful Mitre 10 catch cry.

THE FORMER 360 DAIRY SOLUTIONS BUSINESS THAT OPERATED OUT OF 147 PETERBOROUGH ROAD, TERANG WAS AN AMALGAMATION OF A NUMBER OF DIFFERENT BUSINESSES THAT WERE BROUGHT TOGETHER OVER THE YEARS BY THE CO-OP.

The Board decided in 2022 to discontinue the dairy servicing side of the business during this year due to a wide variety of factors.

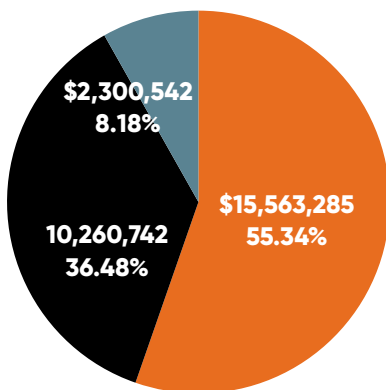
As the dairy servicing business was wound up, the 360 staff found other employment opportunities outside the Co-op. Dairy spare parts and consumables stock that was held at the site were sold off.

Some of the services originally associated with the current site included a sheet metal folding service and hydraulic hose and fittings repair. Any staff members that remained after 360 Dairy Solutions was wound up stayed on to continue these services as well as some workshop based light fabrication work.

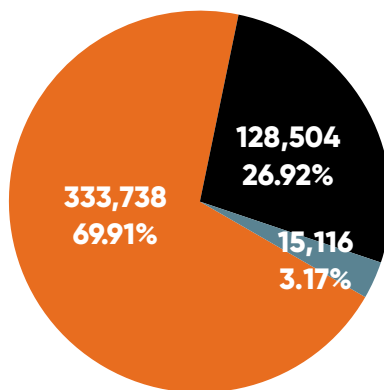
The business continues to offer, whenever possible, next day collections of flashings, rainheads, box gutters, and less complex sheetmetal folding, and same day repairs to hydraulic fittings and hoses, subject to stock availability.

2023 AT A GLANCE

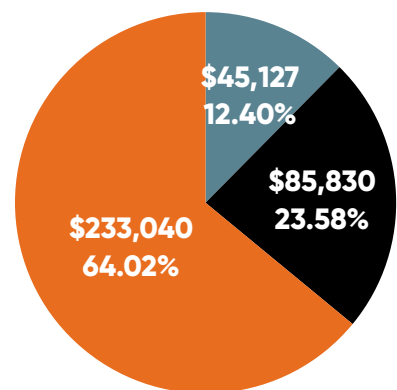
REVENUE SHARE



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 IGA plus Liquor store

IN REVIEWING THE PAST 12 MONTHS, I WAS GOING TO SAY WELCOME BACK TO NORMAL, POST COVID, BUT WHAT DOES NORMAL LOOK LIKE? WE HAVE NEVER SEEN SUCH INCONSISTENT SUPPLY OF PRODUCTS LIKE WE HAVE SEEN FOR THE PAST 12 MONTHS AND THIS STILL CONTINUES TODAY.

Our stock fulfilment from the warehouse usually sits around 96%-98% but with supply chain disruptions, like raw material shortages, pallet shortages, freight problems and so on, our current stock fulfilment from the warehouse sits at about 83%-85%. These supply chain issues have affected and continue to have an impact on shelf availability. However, this is not only an issue for our warehouse; this is right across the supermarket grocery industry.

In spite of all of the challenges over the past 12 months, we have managed to maintain similar sales. Although down 0.16% on the previous year, we finished 2022-2023 year with revenue just over \$15.5million and a profit just shy of \$600k.

We have continued to review our range throughout the Supermarket to keep up to date in what is new in the market and we are always looking for value added product to benefit our customers. We will continue to adapt and move with consumer trends to make sure our store remains relevant. We continue to set the bar high in our industry

by some of our departments, the Deli, Dairy & Freezer and Customer Service, being nominated again for awards. Although we did not take away any awards, we were very pleased just to be nominated, and it shows that all of our hard work pays off.

We will continue to reinvest back into the business by installing a solar power facility in 2023-2024 to help offset the ever-rising power bills. Other acquisitions will be undertaken to replace old and tired equipment like floor washers, and to upgrade scales and software to keep us up to date with legislative changes. We have also installed a deep fryer. We continually invest in staff training to improve our Supermarket.

I would like to say goodbye and thank you to Courtney Morgan for her valuable input in getting the Deli up to the standard it is today and Julie Lourey for her 19½ years of dedicated service to the Co-op. I wish Courtney and Julie all the best in the next chapter of their lives.

I would all so like to take this opportunity to thank my management team and staff for their support and tireless work over the past 12 months. Your efforts have been very much appreciated. I would also like to thank our members and customers for their continued loyalty and support. Without them, we could not have achieved another successful year.

Managers' COMMENTS



rural store

terang co-op

MICHAEL BOOTE

Acting Manager

THE RURAL STORE HAD A "STEADY AS SHE GOES" TYPE OF YEAR WITH ONLY LOW LEVELS OF CHANGE TO STOCK RANGE AND SITE FACILITIES. TRADING WAS SOLID AND QUITE PREDICTABLE AS WE MOVED INTO A REGULAR POST-COVID PATTERN.

The greatest change at Rural Store during the year was in our staffing profile with our store manager leaving the business towards the end of the financial year. A couple of long-term casual staff members also elected to take different paths in their lives during the course of the year.

The store has been in a bit of a betwixt and between state with regard to stock profile and what the offer is to our

customer base in the past year or two. Hence, the Co-op's Board of Directors undertook to try to establish what the members and local community really wants from us. To that end, an extensive customer survey was conducted, providing the opportunity for the members and the community to tell us what they want from their Co-op Rural Store. The data received from the survey has been analyzed, with the assistance of consultants, and presented to the Board for their consideration. In due course, the findings from the survey, together with other information sources, will work their way through management to be implemented at store level. This will only help enhance the customer experience when calling or visiting the Rural Store.

2022 - 2023 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
DIRECTORS' DECLARATION & CONCISE
FINANCIAL REPORT FOR THE YEAR ENDED
28 FEBRUARY 2023

DIRECTORS DECLARATION

The directors of the Co-operative declare that the Concise Financial Report for the year ended 28 February 2023, 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 2023 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 31st day of May 2023.

CONCISE FINANCIAL REPORT

The concise financial report is an extract from the full financial report for the year ended 28 February 2023. The financial statements and disclosures in the concise financial report have been derived from the 2023 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 2023 Financial Report of Terang & District Co-operative Limited.

INCOME STATEMENT

The profit before income tax for the 2023 financial year is \$1,053,015 which represents an increase of \$231,180 on the \$821,835 profit for the previous year. The 2023 profit is close to the \$1,052,060 profit derived in 2021.

The Hardware & Timber segment result for 2023 was \$743,785, a good follow up to the \$696,275 profit earned in the prior year. Following the recent revenue growth of 38% and 5% in 2021 and 2022 respectively, the revenue growth in 2023 was 1.3%, reflecting mixed economic conditions. Gross margins improved on 2022 and employee costs were managed well and were up less than 2%.

In the Rural segment, a revenue decrease of over 26% reflected the transition out of the dairy services although sales in the Rural store were also a little down on the prior year. The \$289,086 loss is a better outcome than the \$587,335 loss in 2022. Gross margins dropped slightly but payroll costs

nearly halved, reflecting the transition in the segment.

The Supermarket segment again performed well in 2023. After the prior year's revenue decline of 2%, the 2023 revenue decreased by 0.2%, which was better than the small decline expected. Margins were stable but extra payroll costs meant that the Supermarket derived a \$598,316 profit. Although lower than the \$712,895 profit for 2022, this is still a good result for the Supermarket.

The overall Co-op's 2023 financial performance is an excellent follow up to the 2022 and 2021 results and will enable the Co-op to continue to reinvest for the benefit of the membership.

BALANCE SHEET

Capital expenditure of \$279,379 was undertaken in 2023 whilst bank debt did not materially change. Inventories accumulated by \$552,651 over 2023, bearing in mind that recent supply disruptions throughout the economy meant that extra ordering of stock was necessary to ensure the Co-op had stock in its stores to meet the needs of the local market. Payables to suppliers increased accordingly. The cash position improved during 2023 due to the excellent trading result. Pending reinvestment into the Co-op's infrastructure, some cash has been invested for a short term.

CASH FLOW STATEMENT

Cash flow benefitted from the 2023 trading result. Receivables were steady overall whilst increased trade payables funded the increased stock holdings. Cash flow generated from trading activities has allowed the Co-op to undertake 2023 capital expenditure without borrowings and to invest funds for the short term for future capital expenditure.

2022 -2023 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2023**

STATEMENT OF COMPREHENSIVE INCOME

	2023 \$	2022 \$
Revenue	28,354,776	28,974,423
Cost of inventories	(21,275,238)	(21,846,542)
Employee benefits expense	(4,051,567)	(4,249,499)
Depreciation expense and amortisation	(467,876)	(502,887)
Finance costs	(1,487)	(2,928)
Other expenses	(1,505,593)	(1,550,732)
Profit before income tax	1,053,015	821,835
Income tax expense	(253,002)	(178,886)
Profit for the financial year	800,013	642,949
Other comprehensive income		
Tax adjustment on revaluation reserve	2,025	14,932
Total comprehensive income for the year	802,038	657,881

The accompanying notes form part of these financial statements

2022 - 2023

FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
 CONCISE FINANCIAL REPORT FOR THE YEAR
 ENDED **28 FEBRUARY 2023**

BALANCE SHEET

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents		1,634,150	561,747
Trade & other receivables		1,081,592	1,180,119
Inventories		4,512,040	3,959,389
Other assets		248,632	153,726
TOTAL CURRENT ASSETS		7,476,414	5,854,981
NON-CURRENT ASSETS			
Financial assets		30,000	30,000
Property, plant and equipment	3	6,136,311	6,280,475
Deferred tax assets		219,048	261,750
Right of use assets		21,656	76,194
TOTAL NON-CURRENT ASSETS		6,407,015	6,648,419
TOTAL ASSETS		13,883,429	12,503,400
CURRENT LIABILITIES			
Trade and other payables		2,408,372	1,801,840
Other liabilities		759,836	622,098
Lease liabilities		27,650	44,408
Interest bearing liabilities		10	20
Tax liabilities		117,140	192,608
Provisions		463,086	513,375
TOTAL CURRENT LIABILITIES		3,776,094	3,174,349
NON-CURRENT LIABILITIES			
Lease liabilities		-	37,525
Tax liabilities		874,530	858,697
Provisions		24,363	32,623
TOTAL NON-CURRENT LIABILITIES		898,893	928,845
TOTAL LIABILITIES		4,674,987	4,103,194
NET ASSETS		9,208,442	8,400,206
EQUITY			
Contributed equity		183,642	177,444
Reserves		2,403,241	2,401,216
Retained profits		6,621,559	5,821,546
TOTAL EQUITY		9,208,442	8,400,206

The accompanying notes form part of these financial statements

2022 - 2023

FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
 CONCISE FINANCIAL REPORT FOR THE YEAR
 ENDED **28 FEBRUARY 2023**

STATEMENT OF CHANGES IN EQUITY

	Contributed Equity \$	Retained Surplus \$	Revaluation Surplus \$	Total \$
Balance at 1 March 2021	168,560	5,178,597	2,386,284	7,733,441
Other comprehensive income	-	-	14,932	14,932
Surplus for the year	-	642,949	-	642,949
Shares issued/(redeemed)	8,884	-	-	8,884
Balance at 28 February 2022	177,444	5,821,546	2,401,216	8,400,206
Balance at 1 March 2022	177,444	5,821,546	2,401,216	8,400,206
Other comprehensive income	-	-	2,025	2,025
Surplus for the year	-	800,013	-	800,013
Shares issued/(redeemed)	6,198	-	-	6,198
Balance at 28 February 2023	183,642	6,621,559	2,403,241	9,208,442

The accompanying notes form part of these financial statements

2022 - 2023 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2023**

STATEMENT OF CASH FLOWS

	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	28,591,524	29,355,085
Payments to suppliers and employees	(26,972,973)	(28,232,658)
Dividends received	17,059	7,992
Interest received	18,580	-
Income tax paid	(269,935)	(69,879)
Net cash provided by / (used in) operating activities	1,384,255	1,060,540
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant & equipment	(279,379)	(549,108)
Proceeds from sale of property, plant & equipment	28,827	6,698
Net cash (used in) investing activities	(250,552)	(542,410)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of leasing liabilities	(67,488)	(59,566)
(Repayment of) / proceeds from borrowings	(10)	20
Proceeds from share issue /(payment for shares redeemed)	6,198	8,884
Net cash provided by / (used in) financing activities	(61,300)	(50,662)
Net increase / (decrease) in cash held	1,072,403	467,468
Cash and cash equivalents at beginning of year	561,747	94,279
Cash and cash equivalents at end of year	1,634,150	561,747

The accompanying notes form part of these financial statements

2022 - 2023 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2023**

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 2023. 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	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total segment revenue									
10,260,742	10,128,264	2,300,542	3,128,136	15,563,285	15,588,191	230,207	227,779	28,354,776	29,072,370
Total segment expenses									
(9,516,957)	(9,431,989)	(2,589,628)	(3,715,471)	(14,964,969)	(14,875,296)	(230,207)	(227,779)	(27,301,761)	(28,250,535)
Operating result before tax									
743,785	696,275	(289,086)	(587,335)	598,316	712,895	-	-	1,053,015	821,835
Segment assets									
2,569,486	1,974,694	1,051,296	1,204,145	891,258	780,549	9,371,389	8,544,012	13,883,429	12,503,400
Segment liabilities									
-	-	-	-	-	-	4,674,987	4,103,194	4,674,987	4,103,194

2022 - 2023 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2023**

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	2023 \$	2022 \$
Land - at valuation	1,295,000	1,295,000
Land - at cost	169,420	169,420
	1,464,420	1,464,420
Buildings - at valuation	3,400,000	3,400,000
Buildings - at cost	347,744	235,746
Accumulated depreciation	(213,678)	(104,539)
	3,534,066	3,531,207
Buildings - leasehold improvements - at cost	77,934	78,342
Accumulated depreciation	(65,612)	(63,512)
	12,322	14,830
Total Buildings	3,546,388	3,546,037
Plant & Equipment - at cost	1,870,700	1,840,873
Accumulated depreciation	(1,048,023)	(898,740)
	822,677	942,133
Motor Vehicles - at cost	729,422	709,437
Accumulated depreciation	(426,596)	(381,552)
	302,826	327,885
Total Property, Plant & Equipment	6,136,311	6,280,475

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 2023, 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 2023.

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 31 May 2023.

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



N.L. MCLEAN

Partner

Dated at Warrnambool: 31st May 2023

Liability limited by a scheme approved under Professional Standards Legislation.

Notice of ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 114TH 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 28TH JUNE 2023 AT 11AM

BUSINESS

1. To confirm the Minutes of the 113th Annual General Meeting held on 29th June 2022
2. To receive and adopt the Financial Statements, Directors' Report and Auditor's Report for the year ending 28th February 2023
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

www.terangcoop.com.au

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