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# MULLUM

MULLUMBIMBY  
RURAL

*Co-Op*

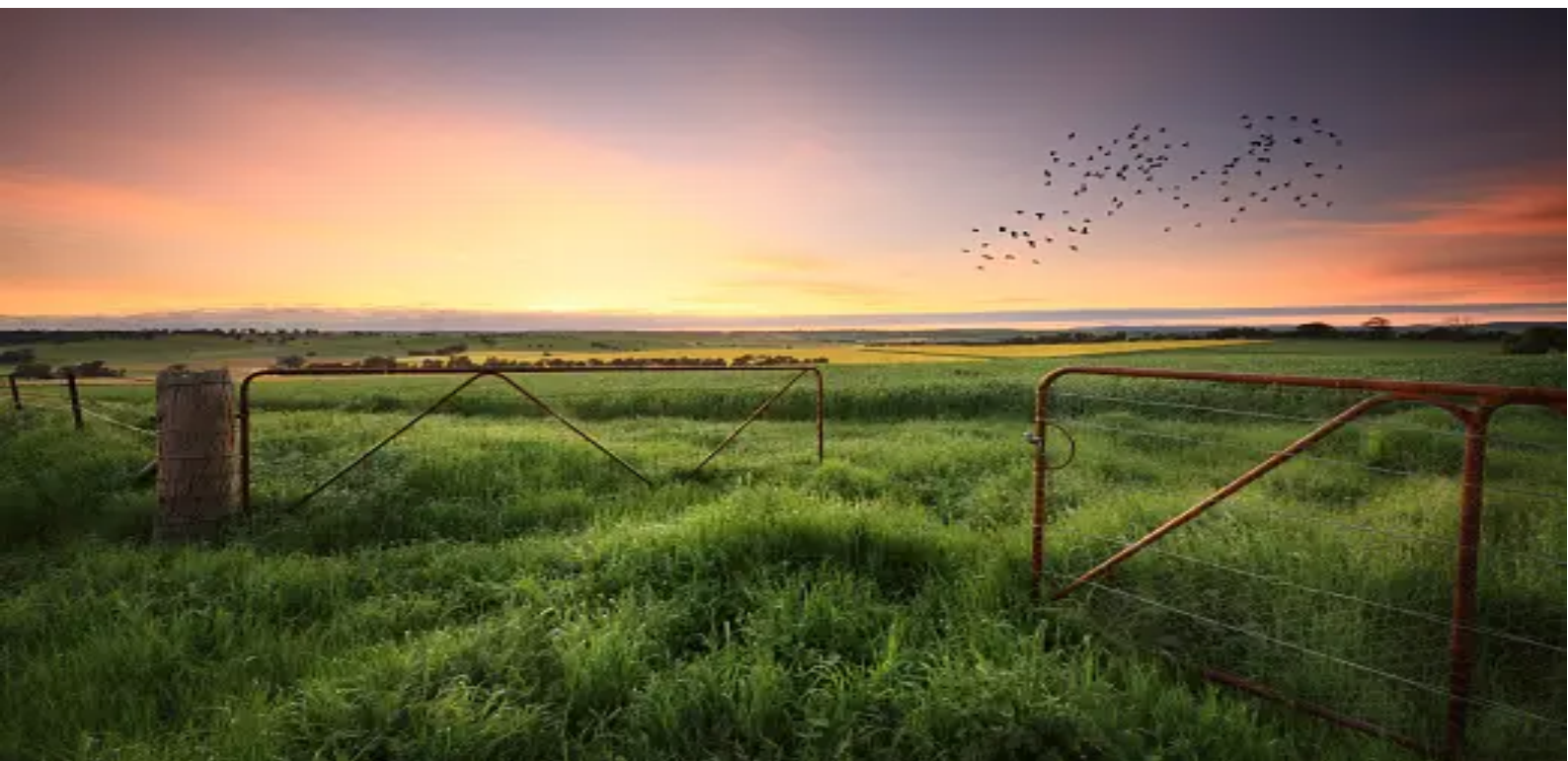
CO-OPERATIVE  
SOCIETY

## MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD

ABN 77380757800

Annual Report for the Year Ended

30 June 2023



## MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD

ABN: 77380757800

### Annual Report for the year ended 30 June 2023

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**MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD**  
**ABN: 77 380 757 800**

Notice is hereby given that the Annual General Meeting of the Shareholders of the Mullumbimby Rural Co-Operative Society Limited will be held at the Mullumbimby Rural Co-Operative Society, 1670 Coolamon Scenic Drive, Mullumbimby on Wednesday 15 November 2023 commencing at 6pm.

Members are invited to submit any queries regarding the Audit, in writing, no less than seven (7) days prior to the AGM.

AGENDA

1. **Welcome** to shareholders and visitors by the Chairman, Neil Farquhar
2. **AGM 2022 Minutes.** Confirmation of the Minutes of the Annual General Meeting held on 30 November 2022
3. **Directors Report.** Receive the Directors' Report from Mr Neil Farquhar, Chairman of the Board of Directors
4. **Audited Financial Statements FY23.** To receive and consider the audited Financial Statements and related reports of the Board of the year ended 30 June 2023
5. **Board Election.** Elect 4 directors noting that:
  - a. Neil Farquhar, Terry Daly and Ross Tucker are retiring in rotation and offering themselves for re-election; and
  - b. Gail Campbell is standing down from filling a casual vacancy of a director's position but also offering herself for election.
6. **Directors' Remuneration.** Increase the Director Fee from \$200 per month to \$400 per month.  
Explanatory note:  
At its 19 Sep 23 meeting, the Board resolved, "that the Board recommends to members at the 15 Nov 23 AGM, that the Director Fee be increased from \$200 per month to \$400 per month".
7. **Appointment of Auditor for FY24.**  
Explanatory notes:
  - a. At the 2022 AGM a member suggested the Board review its auditor services and costs. The member indicated that the costs might be excessive. The research and tender processes conducted by management, was reported to the Board Meeting in Jul 23.
  - b. At its Jul 23 meeting the Board resolved, "that the Board recommends to members at the 15 Nov 23 AGM, the retention of WFD Assurance Services Pty Ltd for the provision of audit services."
8. **Any Other Business.** To transact any other business which may be dealt with in accordance with the Rules of the Mullumbimby Rural Co-operative Society Limited.

Dated at Mullumbimby this 2<sup>nd</sup> day of October 2023

By Order of the Board

Ross Tucker, Secretary.

**MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD**  
**ABN: 77 380 757 800**

**DIRECTORS' REPORT**

Your directors present this report on the Co-operative for the financial year ended 30 June 2023.

**Directors**

The names of each person who has been a director during the year and to the date of this report are:

John Bashforth (Resigned 16 May 23)  
Gail Campbell (interim appointment from 16 May 23 subject to AGM ratification)  
Terry Daly  
Neil Farquhar  
Wayne Moffatt (appointment ratified at 2022 AGM)  
William Nicholls  
Mark Toon  
Ross Tucker OAM

All directors have been in office since July 2021 unless otherwise indicated.

**Principal Activities**

The principal activities of the Co-operative during the financial year were:

- Purchasing farming and household commodities for supply to shareholders and customers
- No changes in the nature of the Co-operatives activities occurred during the financial year

**Short-term and Long-term Objectives**

- Maximise capabilities of the upgraded Stock Management and integrated financial systems to improve business transparency, reporting and forecasting
- Continue ongoing infrastructure improvement programme
- Build on community engagement successes e.g. monthly workshops, social media, newsletters, blogs, produce exchange
- Deliver online presence and shopping capability
- Upgrade fuel dispensing capabilities

**Key Performance Measures**

- Produce a strategic plan that aligns and supports members' survey feedback
- Use the new integrated stock management, accounting and administrative IT systems to deliver a profit

**MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD**  
**ABN: 77 380 757 800**

**DIRECTORS' REPORT**  
**(Continued)**

**Information on Directors**

John Bashforth	—	Director
Qualifications	—	Business Owner
Experience	—	Board member since 17 May 2016
Gail Campbell	—	Director
Qualifications	—	Business Owner
Experience	—	Board member since 16 May 2023
Terry Daly	—	Director
Qualifications	—	Beef Producer, Retired Pharmacist
Experience	—	Board Member since 20 October 2014
Neil Farquhar	—	Director, Chairman
Qualifications	—	Retired Vet / Business Owner
Experience	—	Board Member since 22 November 2005
Wayne Moffatt	—	Director
Qualifications	—	Licensed Club CEO, farmer, Director Mullumbimby Ex Services Club
Experience	—	Board Member since 15 February 2022
William Nicholls	—	Director
Qualifications	—	Accountant
Experience	—	Board Member since 21 July 2020, Finance Director
Mark Toon	—	Director
Qualifications	—	Beef farmer, retired bank executive
Experience	—	Board Member since 21 July 2020
Ross Tucker OAM	—	Director
Qualifications	—	Retired Army officer, Beef farmer, awarded Medal of the Order of Australia in 2014
Experience	—	Board Member since 21 February 2017

**Meetings of Directors**

During the financial year there were 12 monthly Board meetings and 1 Budget Planning meeting. Attendance by each director was as follows:

Directors' Meetings

	Number attended	Number eligible to attend
John Bashforth	11	12
Gail Campbell	2	2
Terry Daly	13	13
Neil Farquhar	13	13
Wayne Moffatt	8	13
William Nicholls	10	13
Mark Toon	12	13
Ross Tucker	12	13

**DIRECTORS' REPORT**  
**(Continued)**

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 6 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.



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Director: Neil Farquhar

Dated this 22<sup>nd</sup> day of August 2023

**CHAIRMAN'S REPORT**

This financial year has been one of consolidation of the work done in 21-22 through our strategic planning process. Change usually comes at a cost which we incurred last year. We now have bedded down most of the tasks we planned for and this is evidenced daily in the running of the Mullumbimby Rural Co-Operative (MRC).

Our profit this FY reflects this with a net profit of \$320,000. This has allowed us to reward our members with a \$100,000 rebate on purchases. This will have appeared as a credit on your MRC statement prior to the AGM.

Our newly adopted software Quickfuel caused many headaches which are now largely resolved. The implementation of a new program is always fraught and I think the time frame between introduction and delivery of a smooth-running system of over 12 months, is not unusual. Statement problems are resolved and we thank all our members for their patience through this time.

The reports that we are generating out of Quickfuel are allowing us to make decisions based on accurate information. This information, accompanied by two customer surveys, is allowing us to target projects aligned with member's needs and interests.

Our website is a great source of information for members as well as providing on line sales through partnerships with our major supplier Australian Independent Rural Retailers (AIRR). Our monthly newsletter is well received and our presence on social media is another form of communication and promotion.

We have continued our role as major sponsor of the Mullumbimby Show (\$10,000 per annum).

I think the crowning achievement for this FY is the audit result. For the first time in many years we have received an unqualified audit which tells us the processes we have put in place are robust and pass critical examination. The major stumbling block has been inventory control and the auditors have at last given us the green light. This is a credit to our whole team from management all the way through as it relies on everyone in the business applying their best efforts to the process now in place. Gone are the days of a massive count of stock at the end of June followed by mind numbing reconciliations! However, we do miss the cakes.

The shop layout improves every month and I, and I am sure every member, really appreciates the prices now displayed on shop items.

The damage to our fuel pumps last year was trying for everyone. Fortunately, sales didn't suffer as badly as we thought and insurance covered repairs and loss of income. The incident highlighted the need for us to upgrade our fuel delivery system and this process is underway. It will cause some disruption but will be of great benefit to have more hoses delivering fuel.

Retail business is challenging. Input cost increases cannot be passed straight on to prices as everyone is doing it a bit tough and we acknowledge the cost-of-living pressures. Examples of input costs are freight \$130,000 and insurance \$100,000. The higher price of fuel puts pressure on already tight margins.

We have a first-class team at MRC. both those working in the business and the Board of Directors.

Our admin team is doing a great job and I thank them sincerely for working through the arduous task of implementing Quickfuel. Our GM, Ian, with the support of his team, has transformed the shop layout

**CHAIRMAN'S REPORT**

(products now priced for the first time in my 18 years or so as a director), greatly improved the warehouse set up (pallet racking throughout), managed us through the fuel disruption and has gone to great lengths to improve member services and engagement.

The Board is a pleasure to lead with such a great range of diverse skills and knowledge. The board is now working *on* the business, not *in* the business. Having said that, there is a lot of board hours put in providing independent financial planning, member register maintenance and invoice checking to comply with audit requirements.

John Bashforth retired from the Board after 12 years of invaluable service. We are delighted to welcome Gail Campbell to the Board.

In summary, a very positive year for MRC. Every month is still a challenge in the current economic environment but I have confidence in our ability to provide a first-class service to our members in the future.



Neil Farquhar,

Chairman,

Mullumbimby Rural Cooperative Society Ltd



## GENERAL MANAGER'S REPORT

### Overview

By their very nature, goals and strategic plans are subject to change, however it is pleasing to see that the team has managed to deliver above and beyond our initial aims. Some key highlights are as follows:

- Shop layout and refurbishment
- New and re-purposed warehouse racking throughout
- Shelf pricing
- Daily Team education
- Established delivery service
- Buying Group membership
- Product rationalization
- Local sponsorships e.g. Mullum Show
- Business Affiliations Network
- Improved reporting and analytics (now with >12-months of data)
- Improved brand awareness
- Signage refresh
- Prevalent social media presence
- Regular and enhanced Newsletters with interesting and novel content and blogs
- Online shopping with 'Click and Collect'
- Annual member survey
- Free educational workshops

Another key goal was to achieve a clean 'unqualified' audit. Whilst considerable behind-the-scenes effort was important, success was testament to our enhanced system capabilities and internal process improvements. The step-change in capabilities enabled the Team to demonstrate effective business management especially involving stock, ordering, invoicing and financial tracking.

### Forward Focus

The Co-Op of today continues to benefit from its early foundations and stands in a good position for further growth. Figure 1 provides an overview of Co-Op benefits and how we intend to continue on our future path.

Our annual Members' Survey proved highly valuable in gaining insights to how the membership would like to see their co-operative evolve. This feedback was used to help create the following 5 key areas of focus for the future:

1. **Nursery** – *Build a single tunnel structure to help launch this business and acquire knowledge*
2. **Fuel Station upgrade** – *improve aesthetics and traffic flow*
3. **Loyalty Program** – *Understand influences and trends better to create a more customer-focused business*
4. **Data Analytics** – *Use our growing database to help predict and prescribe better solutions for our members*
5. **Ongoing facility improvements** – *Continue to eliminate wasteful activities to improve operational processes, business transparency and customer experience*

GENERAL MANAGER'S REPORT

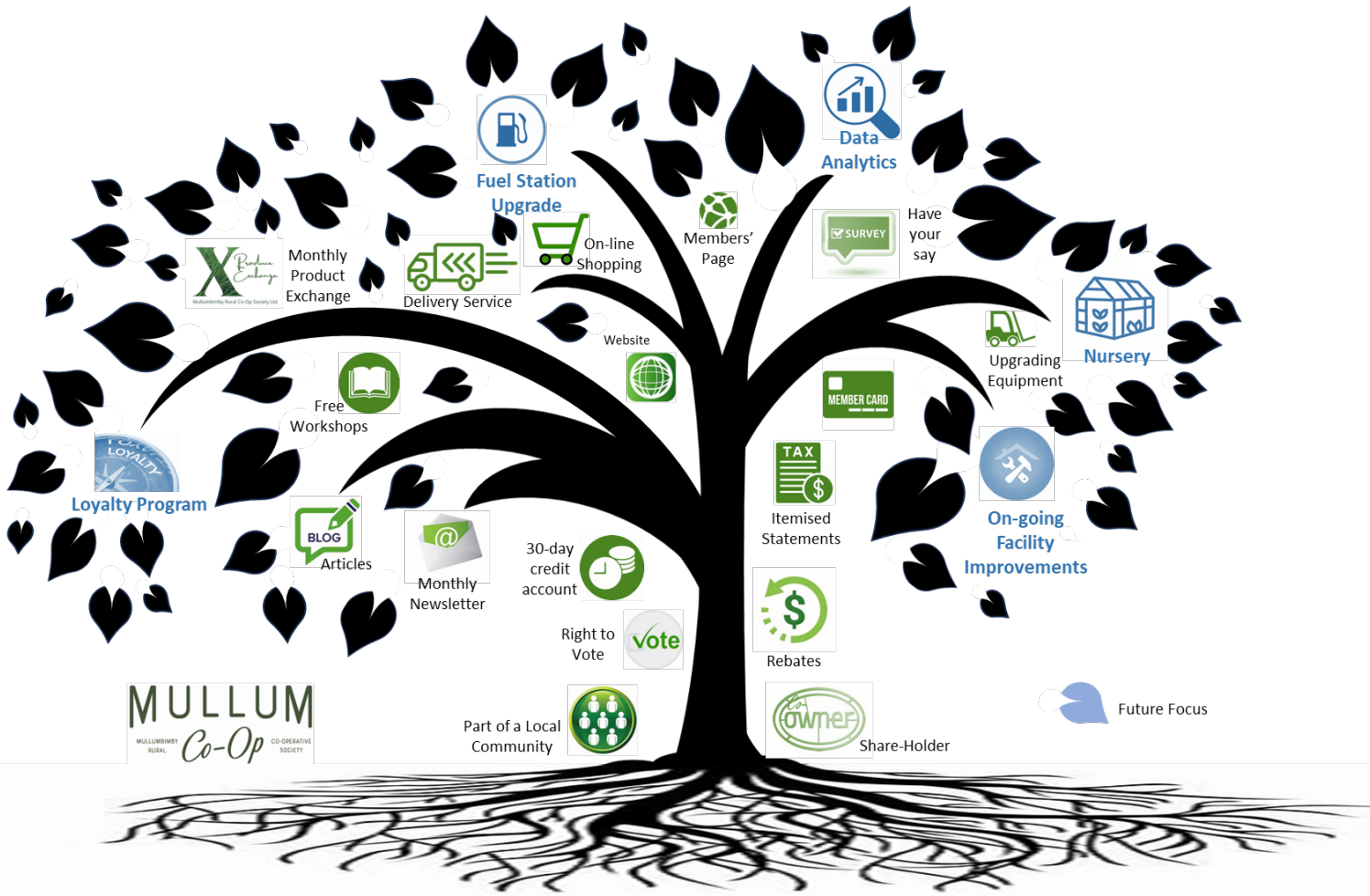


Figure 1. Mullum Co-Op Growth Tree

**Summary**

The team remain motivated and committed to building a better Co-Op for the future. The business has strong foundations from which to grow. Your feedback and support that helps shape our journey and maintain momentum, is greatly appreciated.

Ian Frain  
General Manager  
Mullumbimby Rural Co-Operative Society Ltd

**AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

- i. no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit

*WFD Assurance Services*

*Leanne Smith*

**WFD Assurance Services**

**Leanne Smith  
Principal**

Santos Place  
Level 27, 32 Turbot Street  
Brisbane  
Dated: 22<sup>nd</sup> day of August 2023

**MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD**  
**ABN: 77 380 757 800**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
Revenue	3	8,549,315	8,095,602
Interest Income	3	2,622	611
Other income	3	52,300	37,095
<b>Total revenue and other income</b>		8,604,237	8,133,308
Employee benefits expense	4	(825,183)	(894,093)
Depreciation and amortisation expense	4	(96,439)	(91,871)
Cost of sales	4	(7,024,080)	(6,917,813)
Other expenses	4	(324,528)	(415,388)
<b>Total expenditure</b>		(8,270,230)	(8,319,165)
<b>Profit/(loss) before income tax</b>		334,007	(185,857)
Tax income (expense)	16	(82,075)	49,149
<b>Profit/(loss)for the year</b>		251,932	(136,708)
<b>Other comprehensive income/(loss)</b>			
Rebates to members		-	(110,000)
<b>Total comprehensive income for the year</b>		251,932	(246,708)

The accompanying notes form part of these financial statements.

**MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD**  
**ABN: 77 380 757 800**

**BALANCE SHEET**  
**AS AT 30 JUNE 2023**

	Note	2023 \$	2022 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	680,260	389,459
Trade and other receivables	6	356,718	449,068
Inventories	7	755,147	731,233
Income tax receivable		-	12,000
Prepayments		5,101	4,145
<b>Total current assets</b>		1,797,226	1,585,905
<b>Non-current assets</b>			
Property, plant and equipment	8	1,686,094	1,742,105
Deferred tax assets	16	6,339	49,149
<b>Total non-current assets</b>		1,692,433	1,791,254
<b>TOTAL ASSETS</b>		3,489,659	3,377,159
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	653,161	820,494
Income tax payable	16	39,265	-
Provisions	10	18,888	24,614
<b>Total current liabilities</b>		711,314	845,108
<b>Non-current liabilities</b>			
Member Share Capital	15	320,286	325,924
<b>Total non-current liabilities</b>		320,286	325,924
<b>TOTAL LIABILITIES</b>		1,031,600	1,171,032
<b>NET ASSETS</b>		2,458,059	2,206,127
<b>EQUITY</b>			
Retained earnings		2,411,776	2,159,844
Reserves		46,283	46,283
<b>TOTAL EQUITY</b>		2,458,059	2,206,127

The accompanying notes form part of these financial statements.

**MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD**  
**ABN: 77 380 757 800**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Retained Earnings \$	Capital Profit Reserve \$	Total \$
<b>Balance at 30 June 2021</b>	2,406,552	46,283	2,452,835
Profit/(Loss) for the year	(136,708)	-	(136,708)
Rebates to members	(110,000)	-	(110,000)
<b>Balance at 30 June 2022</b>	2,159,844	46,283	2,206,127
Profit/(Loss) for the year	251,932	-	251,932
<b>Balance at 30 June 2023</b>	2,411,776	46,283	2,458,059

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members, non members and government		9,545,767	9,236,805
Payments to suppliers, employees and ATO		(9,223,522)	(9,384,764)
Interest received		2,622	611
Income tax received (paid)		12,000	22,496
Net cash (used in)/generated from operating activities	17.2	336,867	(124,852)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(40,428)	(103,253)
Net cash used in investing activities		(40,428)	(103,253)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Shares bought back		(8,238)	(53,165)
Payment of rebates		-	(143,016)
Increase from unclaimed rebates/debentures, shares issued		2,600	-
Net cash used in financing activities		(5,638)	(196,181)
Net increase (decrease) in cash held		290,801	(424,286)
Cash and cash equivalents at beginning of the financial year		389,459	813,745
Cash and cash equivalents at end of the financial year	17.1	680,260	389,459

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

**1. BASIS OF PREPARATION**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial report was authorised for issue by the Directors on 22 August 2023.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

**2. Summary of Significant Accounting Policies**

**(a) Revenue**

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Co-operative expects to receive in exchange for those goods or services.

Generally, the timing of the payment for the sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Co-operative have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

*Sale of goods*

Revenue from the sale of goods comprises revenue when the goods have been delivered to and accepted by the customer or its agent and collectability of the related receivable is probable.

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Co-operative is expected to be entitled in exchange for transferring goods or services to a customer.

*Interest income*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income is recognised when the right to receive the income has been established.

All revenue is stated net of the amount of goods and services tax.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023  
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(b) Inventories

Inventories held for sale are measured at the lower of cost and net realisable value.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Freehold land is not depreciated. In the event the carrying amount of an asset is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised in profit and loss.

A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 2(d) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

**Depreciation**

The depreciable amount of all fixed assets, including buildings but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	3%
Plant and equipment	2.5-34%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in accounting estimate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023  
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(c) Financial Instruments

Financial instruments are recognised initially on the date that the Co-operative becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

*Classification*

On initial recognition, the Co-operative classifies its financial assets into the following categories, those measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Co-operative changes its business model for managing financial assets.

The Co-operative's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

*Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis.

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimate of lifetime expected credit losses. The Co-operative has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectible then the gross carrying amount is written off against the associated allowance.

Where the Co-operative renegotiates the terms of the trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting differences to the carrying value is recognised in profit or loss.

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023  
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(c) Financial Instruments

No provision for the impairment of receivables or other financial assets measured at amortised cost was required in either the current or prior financial year.

**Financial liabilities**

The Co-operative measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Co-operative comprise trade payables, bank and other loans and lease liabilities.

(d) Impairment of non-financial Assets

At the end of each reporting period the Co-operative determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(e) Employee Benefits

Provision is made for the Co-operative's liability for employee benefits, those benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

**Defined contribution schemes**

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023  
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Income Tax

Income Tax is brought to account when applicable on a tax payable basis. Accounting for possible deferred tax liabilities, or future tax benefits, is considered inappropriate because of the uncertainty and insignificance of expected future tax liabilities. Rebates and Dividends to members are determined on an annual basis and are tax deductible.

(i) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(j) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023  
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(k) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the co-operative.

**Key estimates**

*Depreciation*

Assessments are made on the useful lives of fixed assets. Depreciation rates are set accordingly.

*Receivables*

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

No provision was considered necessary in either the current or prior financial year.

*Provision for inventories*

The inventory held is reviewed on an annual basis to determine whether there is any old, damaged or obsolete stock or other stock items which need to be written down to net realisable value based on the current economic conditions, sales histories and forecasts performed by the Co-operative.

No provision was considered necessary in either the current or prior financial year.

(l) Rebates

With Members Share Capital classified as a liability in the balance sheet upon the interpretation of AASB 132 Financial Instruments, rebates to members are recognised as an expense and disclosed as a separate item of other comprehensive income/(expenses) in the Statement of Comprehensive Income.

(m) Comparative Figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD**  
**ABN: 77 380 757 800**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(Continued)**

**3. Revenue and Other Income**

	<b>2023</b>	<b>2022</b>
	\$	\$
Sales of products	8,549,315	8,095,602
Interest received	2,622	611
Other Income	52,300	37,095
<b>Total Revenue and Other income</b>	<b>8,604,237</b>	<b>8,133,308</b>
 <b>Disaggregation of revenue from contracts with customers</b>		
Timing of revenue recognition		
At a point in time	8,549,315	8,095,602
Over time	-	-
<b>Total revenue from contracts with customers</b>	<b>8,549,315</b>	<b>8,095,602</b>

**MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD**  
**ABN: 77 380 757 800**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(Continued)**

**4. Expenses**

	<b>2023</b>	<b>2022</b>
	\$	\$
Employee benefits expense including superannuation	822,717	885,566
Employee on-costs	2,466	8,527
	825,183	894,093
<b>Total Employee Benefits Expense</b>	<b>825,183</b>	<b>894,093</b>
Land and buildings	10,927	10,867
Plant and equipment	85,512	81,004
	96,439	91,871
<b>Total Depreciation and Amortisation Expense</b>	<b>96,439</b>	<b>91,871</b>
Purchases	7,047,994	7,078,571
Change in inventory	(23,914)	(160,758)
	7,024,080	6,917,813
<b>Total Cost of Sales</b>	<b>7,024,080</b>	<b>6,917,813</b>
Insurance	74,399	64,458
Repairs & maintenance	42,716	35,120
Accounting, audit and other services	34,830	18,151
Bank charges & merchant fees	32,528	30,561
Computer, software support & training	27,639	29,916
Advertising, stationery & postage	23,993	26,412
Rates and land tax	21,552	38,981
Directors Fees	17,200	16,800
Electricity	8,940	8,376
Subcontractors	7,434	42,717
Rubbish removal	3,808	2,822
Telephone	3,161	4,796
Consultants	1,055	36,922
Other operating expenses	25,273	59,356
	324,528	415,388
<b>Total Other expenses</b>	<b>324,528</b>	<b>415,388</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(Continued)**

**5. Cash and Cash Equivalents**

	<b>2023</b>	<b>2022</b>
	\$	\$
Cash at bank	196,032	187,855
On-line Saver Account	482,772	200,148
Cash on hand	1,456	1,456
	680,260	389,459
<b>Total Cash and Cash Equivalents</b>	<b>680,260</b>	<b>389,459</b>

**6. Trade and Other Receivables**

Trade debtors	363,186	472,415
Less: Provision for doubtful debts	(6,468)	(23,347)
	356,718	449,068
<b>Total Trade and other receivables</b>	<b>356,718</b>	<b>449,068</b>

**7. Inventories**

Fuel	95,900	107,065
Stores	659,247	624,168
	755,147	731,233
<b>Total Inventories</b>	<b>755,147</b>	<b>731,233</b>

As at June 30, 2023 and 2022, inventories are stated at cost which is lower than its net realisable value. No allowance for inventory obsolescence was recognised in either the current or prior financial year..

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(Continued)**

**8. Property, Plant and Equipment**

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Land and buildings</b>		
Freehold land:		
At cost	1,000,921	1,000,921
Buildings		
At cost	426,579	421,250
Accumulated depreciation	(149,605)	(138,678)
Total buildings	276,974	282,572
Total land and buildings	1,277,895	1,283,493
Plant and equipment		
At cost	1,083,923	1,048,824
Accumulated depreciation	(675,724)	(590,212)
Total plant and equipment	408,199	458,612
<b>Total Property, Plant and Equipment</b>	<b>1,686,094</b>	<b>1,742,105</b>

**Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land \$	Buildings \$	Plant and Equipment \$	Total \$
<b>2023</b>				
Balance at the beginning of the year	1,000,921	282,572	458,612	1,742,105
Additions at cost	-	5,329	35,099	40,428
Depreciation expense	-	(10,927)	(85,512)	(96,439)
Carrying amount at the end of the year	1,000,921	276,974	408,199	1,686,094

**9. Trade and Other Payables**

Trade payables	584,492	744,457
Accrued expenses	-	10,603
GST payable and PAYG	30,720	18,899
Payroll liabilities and accruals	37,949	46,535
<b>Total current trade and other payables</b>	<b>653,161</b>	<b>820,494</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(Continued)**

**10. Provisions**

	<b>2023</b>	<b>2022</b>
	\$	\$
Annual leave	18,888	24,614

**11. Events After Reporting Period**

There were no material events subsequent to 30 June 2023 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements.

**12. Key Management Personnel Compensation**

**Key Management Personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel (KMP).

The totals of remuneration paid to KMP of the entity during the year are as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
KMP compensation:	143,737	62,809

**Key Management Personnel Compensation**

Name	<b>2023</b>			<b>2022</b>		
	Gross \$	Super \$	Total \$	Gross \$	Super \$	Total \$
General Manager	114,513	12,024	126,537	41,826	4,183	46,009
Directors fees in aggregate	17,200	-	17,200	16,800	-	16,800
	131,713	12,024	143,737	58,626	4,183	62,809

**Other Related Party Transactions**

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The son of a member of the entity's key management personnel is employed by the entity. Their total remuneration for the year ended 30 June 2023 was \$58,424.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(Continued)**

**12. Key Management Personnel Compensation (continued)**

**Other Related Party Transactions (continued)**

During the year the following related party transactions took place:

<b>2023 Related Party</b>	<b>Relationship to co-operative</b>	<b>Sales and Services</b>	<b>Balance Receivable at 30/6/23</b>
		<b>\$</b>	<b>\$</b>
Mark Toon	Director	14,105	1,488
Ross Tucker	Director	7,908	198
Bill Nicholls	Director	7,279	910
Terry Daly	Director	5,411	-
Neil Farquhar	Director	3,745	226
John Bashforth (including related entity)	Director	2,655	693
Gail Campbell	Director	2,166	-
Anthony Wayne Moffatt	Director	1,039	135
Ian Frain	General Manager	152	152
<b>Total</b>		<b>44,460</b>	<b>3,802</b>

<b>2022 Related Party</b>	<b>Relationship to co-operative</b>	<b>Sales and Services</b>	<b>Balance Receivable at 30/6/22</b>
		<b>\$</b>	<b>\$</b>
Terry Daly	Director	36,419	568
Terry Johnston	Director	12,914	2,368
Mark Toon	Director	11,758	1,300
John Bashforth (including related entity)	Director	11,748	939
Wild Honey Creative	Contractor	5,992	-
Bill Nicholls	Director	4,994	1,431
Ross Tucker	Director	3,632	327
Neil Farquhar	Director	2,928	366
Anthony Wayne Moffatt	Director	805	-
<b>Total</b>		<b>91,190</b>	<b>7,299</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(Continued)**

**13. Financial Risk Management**

The entity's financial instruments consist mainly of deposits with banks, short-term and long-term investments, payables and borrowings.

		2023 \$	2022 \$
<b>Financial assets</b>			
Cash and cash equivalents	5	680,260	389,459
Trade and other receivables	6	356,718	449,068
<b>Total financial assets</b>		1,036,978	838,527
<b>Financial liabilities</b>			
Trade and other payables	9	653,161	820,494
Member share capital	15	320,286	325,924
<b>Total financial liabilities</b>		973,447	1,146,418

**14. Members Rebates**

Rebate of \$110,000 was recommended for the 2021 financial year. Payment was made in 2022 financial year either in cash or via a credit to shareholders' account with the Co-operative. No rebate has been recommended for the 2022 financial year due to the loss reported in the year. Management intends a rebate for the 2023 financial year, however the amount has not yet been set as of the date of signature of this report.

**15. Member Share Capital**

Fully paid ordinary shares		320,286	325,924
		<b>No.</b>	<b>No.</b>
At the beginning of reporting period		325,924	379,089
Shares issued during year		2,600	-
Shares bought back during year		(8,238)	(53,165)
Less transfer to inactive list		-	-
		320,286	325,924

During the year the Co-operative did not issue ordinary shares.

Member share capital upon the interpretation of AASB 132 is classified as a liability in the balance sheet.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(Continued)**

**16. Taxation**

	<b>2023</b>	<b>2022</b>
	\$	\$
a) The major components of tax expense (income) comprise:		
Current tax expense – current period	39,265	(37,159)
Deferred tax expense – future periods	42,810	(11,990)
	82,075	(49,149)
b) Reconciliation of income tax to accounting profit/(loss):		
Profit/(loss) before income tax	334,007	(185,857)
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	83,502	(46,464)
Tax effect of:		
- Non deductible income/expenditure	(1,427)	(2,695)
	82,075	(49,149)
 Weighted average effective tax rate	 12.82%	 26.44%
c) Deferred income tax at 30 June relates to the following:		
Deferred tax assets		
Employee leave provisions	4,722	5,837
Provision for doubtful debts	1,617	6,153
Tax losses carried forward	-	37,159
Deferred tax assets	6,339	49,149

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(Continued)**

**17. Cash Flow Information**

**17.1 Reconciliation of cash and cash equivalents**

	2023	2022
	\$	\$
<b>Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:</b>		
<b>Cash and cash equivalents</b>	680,260	389,459

**17.2 Reconciliation of Net cash provided by operating activities with Profit (loss) for the period after income tax**

Profit (loss) for the period after income tax	251,932	(136,708)
Non-cash flows in profit (loss):		
- Depreciation of plant and equipment	96,439	91,871
Changes in assets and liabilities:		
- (increase)/decrease in receivables	92,350	(227,076)
- (increase)/decrease in prepayments	(956)	30,533
- (increase)/decrease in inventories	(23,914)	(160,758)
- increase/(decrease) in trade and other payables	(167,333)	279,325
- increase/(decrease) in provisions	(5,726)	24,614
- (increase)/decrease in income tax receivable	12,000	22,496
- increase/(decrease) in income tax payable	39,265	-
- (increase)/decrease in deferred tax assets	42,810	(49,149)
<b>Net cash provided by operating activities</b>	<b>336,867</b>	<b>(124,852)</b>

**18. Auditors' Remuneration**

Remuneration of the auditor of the entity, WFD Assurance Services Pty Ltd for:

- Auditing the financial statements	17,795	17,210
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**18. Capital Commitments**

The were no capital commitments to be paid in the subsequent period.

**19. Entity Details**

The registered office and principal place of business of the entity is:  
Mullumbimby Rural Co-operative Society Ltd  
1670 Coolamon Scenic Drive  
Mullumbimby NSW 2482

**DIRECTORS' DECLARATION**

The directors of the Co-operative declare that:

- a) The financial statements and notes set out on pages 7 to 24 are in accordance with the Co-operatives (Adoption of National Law) Act 2012 and the Corporations Act 2001, including:
  - i) Complying with Australian Accounting Standards – Simplified Disclosures, the Co-operatives (Adoption of National Law) Act 2012 the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii) Giving a true and fair view of the Co-operative's financial position as at 30 June 2023 and of its performance for the year ended on that date
- b) There are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they become due and payable.

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



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Director: Neil Farquhar

Dated this 22<sup>nd</sup> day of August 2023

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
FOR THE YEAR ENDED 30 JUNE 2023**

**Opinion**

We have audited the financial report of the Co-operative which comprises: the balance sheet at 30 June 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the entity is in accordance with the Co-operatives (Adoption of National Law) Act 2012 (NSW) and Corporations Act 2001, including

- i. giving a true and fair view of the Co-operative's financial position at 30 June 2023 and its performance for the year then ended;
- ii. complying with Australian Accounting Standards – Simplified Disclosure Standard and the Corporations Regulations 2001.

We confirm that the independence declaration required by the Co-operatives (Adoption of National Law) Act 2012 (NSW), which has been given to the directors of Mullumbimby Rural Co-operative Society Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the entity's annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosure Standard, Corporations Act 2001 and the Co-operatives (Adoption of National Law) Act 2012 (NSW) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

**MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD**  
**ABN: 77 380 757 800**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*WFD Assurance Services*

**WFD Assurance Services**

Santos Place  
Level 27, 32 Turbot Street  
Brisbane

Dated this 23<sup>rd</sup> day of August 2023

*Leanne Smith*

**Leanne Smith**  
**Principal**