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MULLUMBIMBY
RURAL

Co-Op

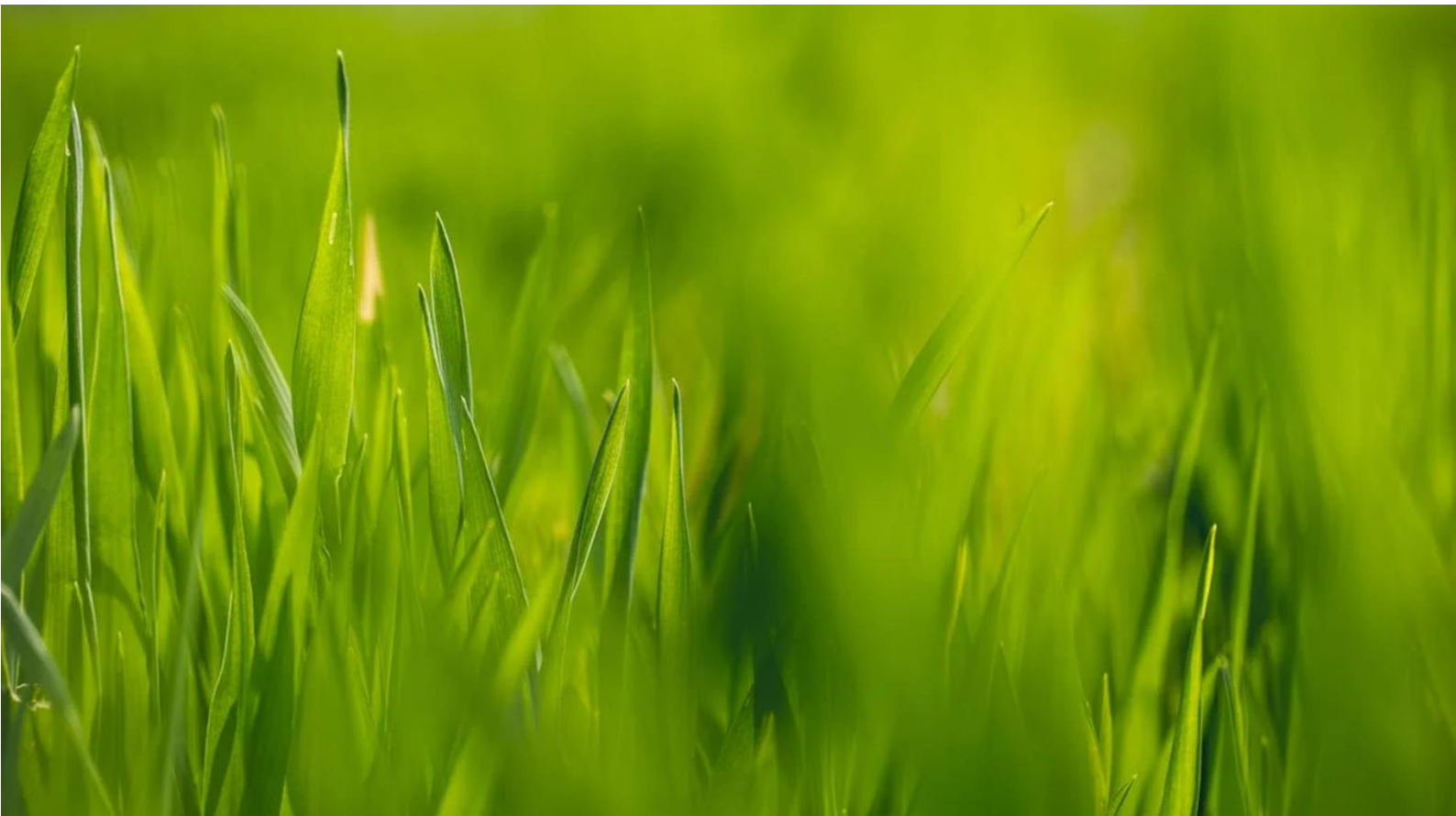
CO-OPERATIVE
SOCIETY

MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD

ABN 77380757800

Annual Report for the Year Ended

30 June 2024



MULLUMBIMBY RURAL CO-OPERATIVE SOCIETY LTD

ABN: 77380757800

Annual Report for the year ended 30 June 2024

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

NOTICE OF ANNUAL GENERAL MEETING

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 13 November 2024 commencing at 6pm.

Members are invited to submit in writing any proposed items for the agenda by no later than 22 October 2024 and any queries regarding the Audit, no less than seven (7) days prior to the AGM.

AGENDA

1. **Welcome** to shareholders and visitors by the Chairman, Neil Farquhar.
2. **AGM November 2023 Minutes.** Confirmation of the Minutes of the Annual General Meeting held on 30 November 2023.
3. **Directors Report.** Receive the Directors' Report from Neil Farquhar, Chairman of the Board of Directors
4. **Audited Financial Statements FY24.** To receive and consider the audited Financial Statements and related reports of the Board of the year ended 30 June 2024.
5. **Board Election.** Agree directors retiring in rotation, which of these may be offering themselves up for re-election and any other applications for Board membership that may have been received.
6. **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 12th day of September 2024

By Order of the Board



Ross Tucker

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 2024.

Directors

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

Gail Campbell	- Board member since 15 Nov 2023
Terry Daly	- Board Member since 20 October 2014
Neil Farquhar	- Board Member since 22 November 2005
Wayne Moffat	- Board Member since 15 February 2022
William Nicholls	- Board Member since 21 July 2020, Finance Director
Mark Toon	- Board Member since 21 July 2020
Ross Tucker	- Board Member since 21 February 2017

All directors have been in office since July 2023 unless otherwise indicated.

Co-Operative Secretary

Ross Tucker was initially appointed Co-Operative Board Secretary in November 2021. He was re-appointed Co-Operative Board Secretary in July 2023 and has remained in this role since that time. Ross has been a Board member since 21 February 2017.

Principal Activities

The principal activities of the Co-Operative during the financial year were the purchase of farming and household commodities for sale to shareholders and customers.

In April 2024, the Co-Operative acquired the business operations of Wards Landscape Supplies Pty Ltd which sells residential and commercial landscaping supplies.

Other than the purchase of Wards Landscape Supplies, no significant changes in the nature of the Co-Operative's activities occurred during the financial year.

Operating Results

The profit for the year after income tax was \$86,103 (2023: \$251,932). This included the expensing of \$179,937 in acquisitions costs in relation to the purchase of Wards Landscape Supplies.

Rebates

In view of the cost of the Wards Landscape Supplies acquisition (\$179,937), the Board has not recommended a rebate for 2024. A rebate of up to \$100,000 was recommended and awarded for the year ended 30 June 2023.

Events after the Reporting Period

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.

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

DIRECTORS' REPORT

Future Developments

The Co-Operative intends to continue in its principal activities and continue to embed the operations of Wards Landscape Supplies into the business. The Co-Operative is not expecting any significant future developments.

Environmental Regulations

The Co-Operative's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory. The Board believes that the Co-Operative has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Co-Operative.

Information on Directors

Gail Campbell	-	Director
Experience	-	Business owner
Terry Daly	-	Director
Experience	-	Former Business owner, Beef Producer, Retired Pharmacist
Neil Farquhar	-	Director, Chairman
Experience	-	Retired Veterinarian / Former Business Owner
Wayne Moffatt	-	Director
Experience	-	Licensed Club CEO, farmer, Director Mullumbimby Ex Services Club
William Nicholls	-	Director
Experience	-	Retired Accountant
Mark Toon	-	Director
Experience	-	Beef farmer, retired bank executive
Ross Tucker OAM	-	Director, Board Secretary
Experience	-	Retired Army officer, Beef farmer, awarded Medal of the Order of Australia in 2014

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

DIRECTORS' REPORT

Meetings of Directors

During the financial year there were 12 monthly Board meetings, 3 Special meetings and 1 Budget/Strategic Planning meeting. Attendance by each director was as follows:

Name	Number of meetings attended	Number of meetings eligible to attend
Gail Campbell	13	16
Terry Daly	15	16
Neil Farquhar	14	16
Wayne Moffatt	12	16
William Nicholls	15	16
Mark Toon	16	16
Ross Tucker	15	16

Indemnification and Insurance of Officers and Auditors

During the financial year the Co-Operative held a Directors and Officers Insurance Policy. The policy has an exclusion clause which precludes any further disclosure. No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, for any person who is or has been an auditor of the Co-Operative.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2024 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.



Director: Neil Farquhar

Dated: 12 September 2024

CHAIRMAN'S REPORT

This has certainly been a busy year and one of transformation at Mullumbimby Rural Co-operative (MRC).

On the 28th April 2024, Mullumbimby Rural Co-operative started trading as the new owner of Ward's Landscape Supplies (WLS).

From the first knowledge of the opportunity to purchase Wards, the six-month journey was one of the busiest, sometimes frustrating, but ultimately rewarding years of my time at the MRC. I won't bore you with all the details but negotiating the due diligence and financing was full of highs and lows but perseverance by key members of the Board finally prevailed.

Why did MRC buy WLS?

The Board saw this as the opportunity to diversify the business and provide a solid financial future for our members. Wards is an outstanding business started by well-known local John and Kathy Ward, built up by Stephen and Julianne Ross and further enhanced by Nicole and Luke Bashforth. Certainly, a business with solid local history and we are proud to keep it local. It supplies landscaping materials to our region. WLS was a good fit with the core agriculture, raw material and gardening/landscaping aspects of the MRC, only on a larger scale.

In addition, its acquisition by a third-party business could have been a threat to the business operation of the Co-op.

The Board and management intend to operate the Wards business as it was. There will be no operational changes and all members of Wards' staff were offered employment. Like most businesses in this area, it is weather dependant. If it is wet, it goes a bit quiet then followed by a battle to keep up with demand.

There are synergies with the management aspects of MRC. We are very fortunate to have someone of the capability of Fiona Ash, our head of administration at MRC to head up the management team at Wards.

Trading at the Co-op has been solid this year with an increase in turnover of 12% with a net operating profit of \$343,390.

The bottom line profit of \$86,103 was impacted by the costs associated with the purchase of WLS and taxation. WLS expenses were \$179,937 (yes, you are reading that correctly.) This is composed of stamp duty, bank charges, valuation and legal expenses. Taxation for the year was \$88,680.

If you are across business conditions in Australia at present they can only be described as "tough". Competition is intense, both from physical stores in the fuel, agriculture, hardware and gardening sectors as well as on-line where you can buy anything. All costs have increased – no, escalated! Think cost of goods sold, wages, freight, insurance and audit fees.

We have a first-class management team: GM Ian Frain, Office Manager Fiona Ash capably assisted by Heidi Awad and a hard-working team on the floor ensuring all our customers' needs are met. I mention wages as a contributing cost however I will point out that our sector-employees are not over-compensated and provide great value to MRC. I salute them. Maintaining a constant and

CHAIRMAN'S REPORT

knowledgeable team is difficult with the lure of higher wages in other sectors and it is testament to their input that we have achieved our second consecutive clean bill of health from the formal audit.

Debtor management is a constant challenge and we are planning for ways we can facilitate easier and quicker payments. We have members who do not comply with the generous 30-day credit terms which we currently offer. At a point in the future, we are aiming to offer facilities where no member would exceed our trading terms. This would be by a direct debit or a credit card automatically debited. We are very keen to implement a reward program but this will take time given the different categories of customers.

Another example of diversification is growing our own vegetable and herb seedlings on the premises. It is a work in progress but the quality and value of our organic seedlings of our seedlings is impressive.

Whilst the Ward's purchase has delayed the fuel service upgrade, this is definitely still on the agenda and we would hope to take action on this in early 2025.

My last task is to thank the Board for their invaluable contributions and the many hours involved in fulfilling their roles. It is a pleasure to work with each and every one.



Neil Farquhar
Chairman,
Mullumbimby Rural Co-operative.

GENERAL MANAGER'S REPORT

Core Achievements

It is very pleasing to report that our trajectory of change and improvement has continued. We have kicked some pretty significant 'proverbial goals' this year and look forward to building on related developments. Some key deliverables were as follows:

- Our second consecutive 'unqualified' audit that affirms robust processes and procedures are in place and being sustained
- Acting on customer survey feedback with the building of a purpose-built Nursery with re-purposed racking
- Competitive tendering process and subsequent transition to Ampol as our new fuel provider
- Production of our very own organic seedlings, grown on site by the Mullum Co-Op team
- Monthly Mullum SCo-Op newsletters with blogs, articles and specials
- Signage and branding refresh as an independent site
- Ongoing in-house maintenance program aimed at maximising aesthetic impact while minimising cost
- Continued sponsorship of local businesses and events
- Passing on buying group savings to our members

Success has not been all one-way and we have experienced some challenges through staff rotations at the Co-Op. Reasons for leaving have been for legitimate reasons, varying from personal timing to personal health. All our departing team members have our sincere thanks and gratitude for their exceptional input to the Co-Op's development. On the downside, their loss has meant a significant 'learning curve' for new team members and education continues to play a key role every day we come to work.

Wards Landscape Supplies Acquisition

The acquisition of the *Wards Landscape Supplies* business has brought a new and exciting focus to how we might evolve. Feedback from customers has been very positive, particularly in keeping the business in the community. We were exceptionally lucky to inherit such a strong team of employees who agreed to transition to the Co-Op. This support was invaluable in enabling a successful launch.

Our immediate aim is to maintain business as usual where possible before introducing any significant integrational change. That said, one of the most frequent requests has come from members wanting to use their cards across both businesses. This functionality will require an alignment of IT systems and although some work has commenced in this regard, viability of card activation across both sites has yet to be established. We will keep you advised.

GENERAL MANAGER'S REPORT

Forward Focus

The acquisition of Wards marks a strategic step-change in the Co-Op's development. Future strategies continue to evolve however, some key areas of focus for the future are currently as follows:

1. **IT system integration** – *Create a single 'Cloud' IT system with enhanced front and back-office capabilities*
2. **Fuel Station upgrade** – *Pending proven viability of the Wards business, reinstate this upgrade project*
3. **Loyalty Program** – *As reported by the Chairman, this initiative remains in place and will form a key consideration in the system selection process*
4. **Target Management** – *Using our advanced data management capabilities to track and monitor profitability targets and goals*
5. **In-house improvement program** – *Ongoing structural and/or mechanical enhancements or repairs, continue to be important in sustaining business and delivering financial benefit*

Summary

A considerable amount has been achieved and the Co-Op now has an even stronger platform from which to build and secure a long-term future. The successful audit and Wards acquisition alone, reflects strong tactical and strategic progress is being made. As always, none of this progress would be possible without our people to whom I am indebted. Looking ahead, the future is bright.



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 2024 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

WFD Assurance Services

Santos Place
Level 27, 32 Turbot Street
Brisbane
Dated: 12 September 2024

Leanne Smith

**Leanne Smith
Principal**

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 2024

	Note	2024 \$	2023 \$
Sales revenue	3	9,555,624	8,549,315
Cost of sales		<u>(7,705,314)</u>	<u>(7,024,080)</u>
Gross profit		1,850,310	1,525,235
Interest Income		14,700	2,622
Other income	3	<u>15,104</u>	<u>52,300</u>
Total interest and other income		29,804	54,922
Employee benefits expense		(932,378)	(825,183)
Depreciation and amortisation expense	8	(115,109)	(96,439)
Interest expense		(61,605)	-
Other expenses	4	(416,302)	(324,528)
Acquisition costs		<u>(179,937)</u>	<u>-</u>
Total expenditure		(1,705,331)	(1,246,150)
Profit/(loss) before income tax		<u>174,783</u>	<u>334,007</u>
Tax income (expense)	17	<u>(88,680)</u>	<u>(82,075)</u>
Profit/(loss) for the year		<u>86,103</u>	<u>251,932</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>86,103</u></u>	<u><u>251,932</u></u>

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 2024

	Note	2024 \$	2023 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	574,430	680,260
Trade and other receivables	6	461,536	356,718
Inventories	7	1,068,617	755,147
Prepayments		16,328	5,101
Total current assets		2,120,911	1,797,226
Non-current assets			
Property, plant and equipment	8	5,279,861	1,686,094
Intangible assets	9	1,311,396	-
Deferred tax assets	17	10,703	6,339
Total non-current assets		6,601,960	1,692,433
TOTAL ASSETS		8,722,871	3,489,659
LIABILITIES			
Current liabilities			
Trade and other payables	10	697,546	653,161
Borrowings	12	138,945	-
Income tax payable		32,288	39,265
Employee benefits	11	36,344	18,888
Total current liabilities		905,123	711,314
Non-current liabilities			
Borrowings	12	5,061,055	-
Member Shares	16	302,191	320,286
Total non-current liabilities		5,363,246	320,286
TOTAL LIABILITIES		6,268,369	1,031,600
NET ASSETS		2,454,502	2,458,059
EQUITY			
Retained earnings		2,398,393	2,411,776
Reserves		56,109	46,283
TOTAL EQUITY		2,454,502	2,458,059

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 2024

	Retained Earnings \$	Capital Profit Reserve \$	Total \$
Balance at 30 June 2022	2,159,844	46,283	2,206,127
Profit/(Loss) for the year	251,932	-	251,932
Rebates to members	-	-	-
Balance at 30 June 2023	2,411,776	46,283	2,458,059
Profit/(Loss) for the year	86,103		86,103
Transfers to reserves			
Shares forfeited	-	9,826	9,826
Rebates to members	(99,486)		(99,486)
Balance at 30 June 2024	2,398,393	56,109	2,454,502

The accompanying notes form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (members non-members)		10,345,807	9,545,767
Payments to suppliers, employees and ATO		(10,201,649)	(9,223,522)
Interest received		14,700	2,622
Interest paid		(100,021)	-
Income tax received (paid)		-	12,000
		<hr/>	<hr/>
Net cash (used in)/generated from operating activities	19.1	58,837	336,867
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(56,912)	(40,428)
		<hr/>	<hr/>
Net cash used in investing activities		(56,912)	(40,428)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares bought back		(8,669)	(8,238)
Payment of rebates		(99,486)	-
Increase from unclaimed rebates/debentures, shares issued		400	2,600
		<hr/>	<hr/>
Net cash used in financing activities		(107,755)	(5,638)
Net increase (decrease) in cash and cash equivalents held		(105,830)	290,801
Cash and cash equivalents at beginning of the financial year		680,260	389,459
		<hr/>	<hr/>
Cash and cash equivalents at end of the financial year	5	574,430	680,260
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

The financial report covers Mullumbimby Rural Co-Operative Society Ltd (the “Co-Operative”) as an individual entity. The Co-Operative is a for-profit Co-Operative under the Co-Operatives National Law (NSW), incorporated and domiciled in Australia.

The functional and presentation currency of the Co-Operative is Australian dollars.

The financial report was authorised for issue by the Board of Directors on 12 September 2024.

Comparatives are consistent with prior years, unless otherwise stated.

1. BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the Co-Operatives National Law (NSW).

The financial statements have been prepared on an accruals 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.

Material accounting policy information relating to the preparation of these financial statements are presented below, and are consistent with prior reporting periods unless otherwise stated.

The Co-Operative has adopted the amendments to AASB 101 Presentation of Financial Statements which require only the disclosure of material accounting policy information rather than significant accounting policies and therefore policy information which does not satisfy one of the following requirements has been removed from these financial statements:

- Relates to change in accounting policy
- Policy has been developed in the absence of an explicit accounting standard requirement
- Documents an accounting policy choice
- Relates to an area of significant judgement or estimation
- Relates to a complex transaction and is required to explain the treatment to the user.

2. Material Accounting Policy Information

(a) Revenue

The revenue recognition policies for the principal revenue streams of the Co-Operative are:

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.

(b) Inventories

The cost of inventory is determined using the weighted average method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

2. Material Accounting Policy Information (Continued)

(c) Property, Plant and Equipment

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

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%

(d) Financial Instruments

Financial assets

The Co-Operative's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Impairment of financial assets

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimate of lifetime expected credit losses.

Financial liabilities

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

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

2. Material Accounting Policy Information (Continued)

(h) Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumption about current and future events affecting transactions and balances.

These estimates and judgments are based on the best information available at the time of preparing the financial statements, however as additional information is known the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates

Depreciation

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

Key judgements

Receivables

The receivables at reporting date have been reviewed to determine whether there is evidence that any of the receivables are impaired using the simplified approach in AASB 9 which uses an estimate of lifetime expected credit losses.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

	2024	2023
	\$	\$
3. Revenue and Other Income		
Sales of products and fuel	9,555,624	8,549,315
Supplier rebates	11,773	-
Proceeds from insurance claims	-	49,471
Sundry income	3,331	2,829
Total Other income	15,104	52,300
Disaggregation of revenue from contracts with customers		
Timing of revenue recognition		
At a point in time	9,555,624	8,549,315
Over time	-	-
Total revenue from contracts with customers	9,555,624	8,549,315
4. Expenses		
Insurance	91,763	74,399
Repairs & maintenance	45,320	42,716
Accounting, audit and other services	21,145	34,830
Bank charges & merchant fees	38,932	32,528
Computer, software support & training	31,843	27,639
Advertising, stationery & postage	9,125	23,993
Rates and land tax	30,794	21,552
Directors Fees	23,646	17,200
Electricity	10,260	8,940
Subcontractors	5,637	7,434
Rubbish removal	4,307	3,808
Telephone	4,437	3,161
Consultants	7,744	1,055
Motor vehicle expenses	21,847	12,756
Truck expenses	35,779	2,325
Other operating expenses	33,723	10,192
Total other expenses	416,302	324,528

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

	2024	2023
	\$	\$
5. Cash and Cash Equivalents		
Cash at bank and on hand	574,430	197,488
On-line Saver Account	-	482,772
	<hr/>	<hr/>
Total Cash and Cash Equivalents	574,430	680,260
	<hr/> <hr/>	<hr/> <hr/>
6. Trade and Other Receivables		
Trade debtors	468,004	363,186
Less: Provision for doubtful debts	(6,468)	(6,468)
	<hr/>	<hr/>
Total Trade and other receivables	461,536	356,718
	<hr/> <hr/>	<hr/> <hr/>
7. Inventories		
Fuel	104,567	95,900
Stores	726,771	659,247
Landscaping supplies	237,279	-
	<hr/>	<hr/>
Total Inventories at cost	1,068,617	755,147
	<hr/> <hr/>	<hr/> <hr/>
8. Property, Plant and Equipment		
Land and buildings		
Freehold land – At cost	2,627,635	1,000,921
	<hr/>	<hr/>
Buildings		
At cost	1,966,731	426,579
Accumulated depreciation	(168,457)	(149,605)
	<hr/>	<hr/>
Total buildings	1,798,274	276,974
	<hr/>	<hr/>
Total land and buildings	4,425,909	1,277,895
	<hr/>	<hr/>
Plant and equipment		
At cost	1,619,569	1,083,923
Accumulated depreciation	(765,617)	(675,724)
	<hr/>	<hr/>
Total plant and equipment	853,952	408,199
	<hr/>	<hr/>
Total Property, Plant and Equipment	5,279,861	1,686,094
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

8. Property, Plant and Equipment (continued)

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 \$
2024				
Balance at the beginning of the year	1,000,921	276,974	408,199	1,686,094
Additions at cost	-	11,902	45,010	56,912
Acquisition through business combination	1,626,714	1,528,250	497,000	3,651,964
Depreciation expense	-	(18,852)	(96,257)	(115,109)
Carrying amount at the end of the year	2,627,635	1,798,274	853,952	5,279,861
	Land \$	Buildings \$	Plant and Equipment \$	Total \$
2023				
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
			2024	2023
			\$	\$

9. Intangible Assets

The movement in the net carrying amount of goodwill are as follows:

	2024 \$	2023 \$
Opening balance	-	-
Acquired through business combinations	1,311,396	-
Closing balance	1,311,396	-

Goodwill relates to the purchase the assets and operations of Ward's Landscape Supplies on 29 April 2024. Further details are included in Note 25.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

	2024	2023
	\$	\$
10. Trade and Other Payables		
Trade payables	507,391	578,221
Accrued interest payable	61,605	-
Accrued expenses	25,773	6,271
GST payable and PAYG	53,036	30,720
Payroll liabilities and accruals	49,741	37,949
Total current trade and other payables	697,546	653,161
11. Employee benefits		
Annual leave	36,344	18,888
12. Borrowings		
Current		
Secured loan	138,945	-
Total Current Borrowings	138,945	-
Non-Current		
Secured loan	5,061,055	-
Total Non-current Borrowings	5,061,055	-
Total Borrowings	20 5,200,000	-

In April 2024, the Co-Operative entered into two loans with National Australia Bank. Details of these loans are as follows:

- A Corporate Markets Loan for \$1,500,000 which commenced on 26 April 2024 and expires on 30 April 2027. Interest is variable and is paid every three months. The facility is repayable in quarterly instalments until its expiry on 30 April 2027.
- A Corporate Markets Loan for \$3,700,000 which commenced on 26 April 2024 and expires on 30 April 2027. Interest is variable and is paid every three months. The facility is not repayable until its expiry on 30 April 2027 and is interest only until this time.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

12. Borrowings (continued)

The loans are secured by:

- A Registered Mortgage over the property situated at 1176 Myocum Road, Myocum NSW (Certificate of Title Folio Identifier 1/553934).
- A Registered Mortgage over the proper situated at 1670 Coolamon Scenic Drive, Mullumbimby NSW (Certificates of Title Folio Identifiers 1/1208420, 1/1274283 and 30/1266932).
- A Business Security Agreement given by Mullumbimby Rural Co-Operative Society Limited over all assets.

12. Members Rebates

A rebate of up to \$100,000 was recommended for the 2023 financial year and payment was made in the 2024 financial year via a credit to shareholders' account with the Co-Operative. No rebate has been recommended for the 2024 financial year due to the Wards Landscape Supplies acquisition.

13. Member Shares

	2024	2023
	\$	\$
Fully paid ordinary shares	302,191	320,286
	No.	No.
At the beginning of reporting period	320,286	325,924
Shares issued during year	400	2,600
Shares bought back during year	(8,453)	(8,238)
Less transfer to inactive list	(10,042)	-
	302,191	320,286

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 2024
(Continued)

15. 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:

	2024			2023		
	Gross	Super	Total	Gross	Super	Total
	\$	\$	\$	\$	\$	\$
Total remuneration	<u>144,871</u>	<u>13,335</u>	<u>158,206</u>	<u>131,713</u>	<u>12,024</u>	<u>143,737</u>

16. Related Parties

Key management personnel – refer Note 15.

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.

The son of a member of the entity's key management personnel is employed by the entity. His original recruitment process was the same as that for other employees, and his employment is conducted and his remuneration determined in the same manner and under same terms and conditions as other employees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

	2024	2023
	\$	\$
17. Taxation		
a) The major components of tax expense (income) comprise:		
Current tax expense – current period	93,044	39,265
Deferred tax expense – future periods	(4,364)	42,810
	88,680	82,075
b) Reconciliation of income tax to accounting profit/(loss):		
Profit/(loss) before income tax	174,783	334,007
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2023: 25%)	43,696	83,502
Tax effect of:		
- Non assessable/deductible (income)/expenditure	44,984	(1,427)
	88,680	82,075
Weighted average effective tax rate	50.74%	24.57%
c) Deferred income tax at 30 June relates to the following:		
Deferred tax assets		
Employee leave provisions	9,086	4,722
Provision for doubtful debts	1,617	1,617
Deferred tax assets	10,703	6,339
18. Auditors’ Remuneration		
Remuneration of the auditor of the entity, WFD Assurance Services Pty Ltd for:		
- Auditing the financial statements	17,550	17,795

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

19. Cash Flow Information

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

	2024	2023
	\$	\$
Profit (loss) for the period after income tax	86,103	251,932
Non-cash flows in profit (loss):		
- Depreciation of plant and equipment	115,109	96,439
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(104,818)	92,350
- (increase)/decrease in prepayments	(11,227)	(956)
- (increase)/decrease in inventories	(76,830)	(23,914)
- increase/(decrease) in trade and other payables	44,385	(167,333)
- increase/(decrease) in employee benefits	17,456	(5,726)
- (increase)/decrease in income tax receivable	-	12,000
- increase/(decrease) in income tax payable	(6,977)	39,265
- (increase)/decrease in deferred tax assets	(4,364)	42,810
	58,837	336,867
Net cash provided by operating activities	58,837	336,867

19.2 Non-cash financing and investing activities

During the year ended 30 June 2024, the Co-Operative acquired the business operations of Wards Landscape Supplies Pty Ltd for consideration of \$5,200,000 (see Note 25). This was funded by two loans from the National Australia Bank (see Note 12). Settlement involved the loan funding being paid direct to the vendor, and as such, there were no cashflows in the Co-Operatives accounts arising from these transactions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

20. Financial Risk Management

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

		2024	2023
		\$	\$
Financial assets			
Cash and cash equivalents	5	574,430	680,260
Trade and other receivables	6	461,536	356,718
		1,035,966	1,036,978
Total financial assets			
Financial liabilities			
Trade and other payables	9	697,546	653,161
Borrowings	12	5,200,000	-
Member shares	16	302,191	320,286
		6,199,737	973,447
Total financial liabilities			

21. Capital Commitments

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

22. Contingencies

The were no known contingencies at year end.

23. Events After Reporting Period

There were no material events subsequent to 30 June 2024 and up until the authorisation of the financial statements for issue.

24. Statutory Information

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

25. Acquisition of Wards Landscape Supplies

The Co-Operative acquired Wards Landscaping Supplies for \$5,200,000 in cash. The acquisition related solely to property, plant and equipment, inventory and the business operations. No equity interest was acquired as a result of the acquisition.

Values for property, plant and equipment were based on an external valuation provided to the Co-Operative by CBRE Valuations Pty Ltd on 6 March 2024. The valuation was provided for the purpose of supporting the Mortgage Security over the loan obtained by the Co-Operative to finance their acquisition.

Inventory was valued at the lower of cost and net realisable value. No liabilities were assumed by the Co-Operative as part of the business combination.

The details of the acquisition are as follows:

	Note	2024 \$
Fair value of consideration transferred	19.2	<u>5,200,000</u>
Recognised amounts of identifiable net assets		
Property, plant and equipment		3,651,964
Inventory		<u>236,640</u>
Identifiable net assets		3,888,604
		<hr/>
Goodwill on acquisition		<u><u>1,311,396</u></u>

At 30 June 2024, the initial accounting for the acquisition is incomplete as valuations for separately identifiable intangible assets has not yet been undertaken. This will be completed prior to the end of the measurement period, which will be 29 April 2025.

Acquisition related costs amounted to \$179,937 and these have been expensed during the year ended 30 June 2024 in compliance with the requirements of AASB 1060 – Business Combinations.

The acquisition of Wards Landscape Supplies by the Co-Operative is an opportunity to:

- Enhance the profile of the Co-Operatives, its product offerings and community presence across the region
- Leverage business synergies, minimising waste through effective integration of common processes, systems and products
- Improve the return-on-investment through complementary business models
- Provide a strong strategic platform to capitalise on future growth opportunities.

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

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
AS AT 30 JUNE 2024

Mullumbimby Rural Co-Operative Society Ltd is not required by Australian Accounting Standards to prepare consolidated financial statements. In accordance with subsection 295(3A) of the Corporations Act 2001, no further information is required to be disclosed in this consolidated entity disclosure statement.



Director: Neil Farquhar

Dated: 12 September 2024

DIRECTORS' DECLARATION

The directors of the Co-Operative declare that:

- a) The financial statements and notes set out on pages 11 to 28 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 2024 and of its performance for the year ended on that date.
- b) The consolidated entity disclosure statement is true and correct.
- c) 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.



Director: Neil Farquhar

Dated: 12 September 2024

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
FOR THE YEAR ENDED 30 JUNE 2024**

Opinion

We have audited the financial report of the Co-Operative which comprises: the balance sheet at 30 June 2024 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 material accounting policy information, the directors' declaration and the Consolidated Entity Disclosure Statement.

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 2024 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 2024
(Continued)

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: 13 September 2024

Leanne Smith

Leanne Smith
Principal