The Community Co-operative Store (Nuriootpa) Limited

Financial Statements

For the Year Ended 30 June 2021

The Community Co-operative Store (Nuriootpa) Limited

Contents

For the Year Ended 30 June 2021

Directors' Report
30 June 2021

The directors of the Community Co-operative Store (Nuriootpa) Ltd ("The Co-op") present their report, together with the financial statements of the Group, being The Co-op and its controlled entity ("The Group"), for the financial year ended 30 June 2021.

In the prior year, the Group changed its accounting period from a 31 January to a 30 June year-end. The comparatives in these financial statements are therefore for the 17 month period ended 30 June 2020.

1. General information

Information on directors

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

Ms Rebecca Tolhurst (LLB (Hons), BCom GAICD	Chair since August 2018 Deputy Chair from April to August 2018 Director since March 2012
Mr John Curnow	Deputy Chairman from January to April 2018 and from August 2018 Director since April 2013
Mr John Auld RDWM	Director since February 2014
Mr Kevin Renshaw CPA, BBus	Chair of Audit & Risk Committee since September 2018 Director since November 2016
Prof Svetlana Bogomolova BA (Sociology, M Business, PhD (Marketing), GAICD	Director since January 2018
Mr James March BA (International Relations)	Director since November 2018
Mr Andrew Myers MBA, AMP (INSEAD)	Director since March 2020
Mr Neil Retallick BEc, GradDip (Marketing), FAMI, CPM, GAICD	Managing Director since August 2019

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Directors' Report
30 June 2021

1. General information (continued)

Principal activities

The principal activities of the Group during the financial year were to provide outstanding and sustainable shopping choice and retail services to our members and the Barossa community.

No significant change in the nature of these activities occurred during the year.

2. Operating results and review of operations for the year

Operating results

The consolidated loss of the Group amounted to $ (322,830) (2020: $ (1,515,773)).

In the prior year, the Group has changed its accounting period from a 31 January to a 30 June year-end. The comparatives in these financial statements are therefore for the 17 month period ended 30 June 2020.

The Covid-19 pandemic had an adverse impact on the Lifestyle businesses. This was exacerbated by the sharp fall in sales, low margins achieved through the year as excess and obsolete stock were cleared from Orchard Lane. Conversely, the profitability of the Mitre 10 and Betta Home Living operations were bolstered by the Covid-19 restrictions. The Barossa Fresh businesses saw substantial sales increases but the costs of these operations also increased. The Food Division profit finished the year slightly better than Budget.

Review of operations

A review of the operations of the Group during the financial year and the operations of The Co-op were restructured to create four business divisions. They are as follows:

Business divisions:

Food	- Barossa Fresh
	- Online
	- Fresh Cafe
Home	- Mitre 10 retail
	- Mitre 10 trade
	- Betta Home Living
	- The Design Studio
Lifestyle	- Sportspower Superstore & Surf
	- Rod & Spur
	- Orchard Lane
	- Barossa Homewares
	- Barossa Workwear
	- Toyworld
Centre Management	- Barossa Central Shopping Centre

i) Food

The increased investment in an expanded management structure began to generate improved results towards the end of the year. A focus on the Fresh offerings saw changes in the supplier base and a significant increase in produce quality and presentation. Stockturns improved with the introduction of new receiving processes and business systems disciplines.

Directors' Report
30 June 2021

2. Operating results and review of operations for the year (continued)

Review of operations (continued)

ii) Home

The hardware businesses continue to grow. Two new trucks improved customer service levels at Mitre 10 and a new truck at Betta saw home deliveries double prior to the pandemic.

iii) Lifestyle

These businesses struggled in the year. The pandemic saw trading hours reduced as sales plummeted. The new role of Business Leader was filled at the end of the year with the early results being very positive.

iv) Centre Management

A centre management consultancy was appointed to provide professional support to both The Co-op and its tenants in the shopping centre. More tenancies were leased and the under cover car park completed.

v) Wages

A new roster management system was implemented that allows better control of wages costs and optimises customer service levels.

vi) Working Capital

The cash position of The Co-op improved through the year.

vii) Loan Facility

The Commonwealth Bank of Australia renewed its loan facility in July 2021 for a further three years to expire on 31 July 2024.

Meetings of directors

During the financial year, 21 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
Ms Rebecca Tolhurst	**21**	21
Mr John Curnow	**21**	21
Mr John Auld	**21**	17
Mr Kevin Renshaw	**21**	17
Prof Svetlana Bogomolova	**21**	21
Mr James March	**21**	21
Mr Andrew Myers	**21**	20
Mr Neil Retallick	**21**	21

No meeting was held in December 2020.

Unissued shares under option

No options over issued shares or interests in The Co-op were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

Directors' Report
30 June 2021

2. Operating results and review of operations for the year (continued)

Shares issued during or since the end of the year as a result of exercise

During or since the end of the financial year, The Co-op issued no new ordinary shares to Directors and other key management personnel. Refer to Note 27 to the financial statements.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Events after the reporting date

Subsequent to the end of financial year, a deed of amendment was made with the Commonwealth Bank of Australia. The facility maturity date has been extended to 31 July 2024.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

4. Indemnification and insurance of officers and auditors

i) Insurance of officers

During the year, The Co-op paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

ii) Insurance of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of The Community Co-operative Store (Nuriootpa) Limited.

Directors' Report
30 June 2021

5. Proceedings on behalf of company

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* to bring proceedings on behalf of The Co-op or intervene in any proceedings to which The Co-op is a party for the purpose of taking responsibility on behalf of The Co-op for all or any part of those proceedings.

6. Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: ....
Ms Rebecca Tolhurst
Chair of the Board

Director: ....
Mr Kevin Renshaw
Chair of the Audit and Risk Committee

Dated this FIRST day of OCTOBER 2021

Auditor's Independence Declaration Under Section 307c Of The Corporations Act 2001 To The Directors of The Community Co-operative Store (Nuriootpa) Limited

I declare that, to the best of my knowledge and belief during the period ended 30 June 2021 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck (SA)
ABN 38 280 203 274

M. D. King
Partner

Dated at Adelaide this 1st day of October 2021

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Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2021

	Note	2021 $	2020 $
Revenue	4	**67,744,866**	93,288,232
Cost of goods sold	5	**(46,357,486)**	(64,686,072)
Employee benefits expense	5	**(12,491,040)**	(16,215,135)
Depreciation expense	5	**(2,002,149)**	(2,561,435)
Fair value adjustments of financial liabilities		**488,275**	(383,687)
Other expenses		**(5,958,206)**	(8,751,497)
Finance costs	5	**(1,873,832)**	(2,665,785)
Loss from ordinary activities before appropriations to members		**(449,572)**	(1,975,379)
Interest on share capital		**(7,920)**	(146,759)
Loss from ordinary activities before income tax expense		**(457,492)**	(2,122,138)
Income tax benefit	6	**134,662**	606,365
Loss for the year		**(322,830)**	(1,515,773)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		**-**	-
Total comprehensive income for the year		**(322,830)**	(1,515,773)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**405,975**	753,838
Trade and other receivables	9	**1,417,686**	1,170,760
Inventories	8	**6,112,486**	5,060,861
Other assets	13	**166,225**	322,594
TOTAL CURRENT ASSETS		**8,102,372**	7,308,053
NON-CURRENT ASSETS			
Financial assets		**109,075**	98,491
Deferred tax assets	10	**3,639,182**	3,504,847
Property, plant and equipment	11	**70,540,831**	71,091,168
Right-of-use assets	12	**180,430**	242,974
TOTAL NON-CURRENT ASSETS		**74,469,518**	74,937,480
TOTAL ASSETS		**82,571,890**	82,245,533
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**6,236,866**	5,081,381
Borrowings	17	**35,228,535**	748,667
Financial liabilities	14	**472,260**	-
Lease liabilities	16	**62,326**	59,470
Employee benefits	18	**1,791,609**	880,381
TOTAL CURRENT LIABILITIES		**43,791,596**	6,769,899
NON-CURRENT LIABILITIES			
Borrowings	17	**2,609,844**	37,760,709
Financial liabilities	14	**-**	960,535
Deferred tax liabilities	10	**6,419,830**	6,420,158
Lease liabilities	16	**125,785**	188,111
Employee benefits	18	**102,808**	149,986
TOTAL NON-CURRENT LIABILITIES		**9,258,267**	45,479,499
TOTAL LIABILITIES		**53,049,863**	52,249,398
NET ASSETS		**29,522,027**	29,996,135
EQUITY			
Issued capital	19	**3,688,768**	3,840,046
Reserves	20	**12,053,568**	12,053,568
Retained earnings		**13,779,691**	14,102,521
Total equity attributable to equity holders of The Co-op		**29,522,027**	29,996,135
TOTAL EQUITY		**29,522,027**	29,996,135

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2021

2021

	Ordinary Shares	Retained Earnings	Asset Realisation Reserve	Total
	$	$	$	$
Balance at 1 July 2020	**3,840,046**	**14,102,521**	**12,053,568**	**29,996,135**
Loss attributable to members of the parent entity	**-**	**(322,830)**	**-**	**(322,830)**
Transactions with owners in their capacity as owners				
Issue of shares	**142,394**	**-**	**-**	**142,394**
Shares bought back during the year	**(293,672)**	**-**	**-**	**(293,672)**
Balance at 30 June 2021	**3,688,768**	**13,779,691**	**12,053,568**	**29,522,027**

2020

	Ordinary Shares	Retained Earnings	Asset Realisation Reserve	Total
	$	$	$	$
Balance at 1 July 2019	3,815,993	15,618,293	5,201,191	24,635,477
Loss attributable to members of the parent entity	-	(1,515,773)	-	(1,515,773)
Transactions with owners in their capacity as owners				
Issue of shares	727,166	-	-	727,166
Shares bought back during the year	(703,113)	-	-	(703,113)
Revaluation increment on land and buildings	-	-	6,852,377	6,852,377
Balance at 30 June 2020	3,840,046	14,102,521	12,053,568	29,996,135

Statement of Cash Flows
For the Year Ended 30 June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**74,246,103**	102,183,997
Payments to suppliers and employees		**(69,952,341)**	(99,014,081)
Interest received		**1,631**	1,153
Borrowing costs		**(1,873,832)**	(2,665,785)
Appropriations to members		**(153)**	(29,893)
Net cash provided by operating activities	28	**2,421,408**	475,391
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**4,822**	8,569
Purchase of property, plant & equipment		**(1,393,489)**	(2,218,089)
Payments for investments		**(10,584)**	(8,934)
Net fair value movement of interest rate swaps		**(488,275)**	383,687
Net cash used in investing activities		**(1,887,526)**	(1,834,767)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds / (payment) from issue and redemption of shares		**(151,278)**	24,053
Net proceeds from borrowings		**(1,077,283)**	1,057,275
Principal repayments of lease liabilities - AASB 16		**(59,470)**	(57,937)
Net cash provided by/(used in) financing activities		**(1,288,031)**	1,023,391
Net decrease in cash and cash equivalents held		**(754,149)**	(335,985)
Cash and cash equivalents at beginning of year		**691,549**	1,027,534
Cash and cash equivalents at end of financial year	7	**(62,600)**	691,549

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial report covers The Community Co-operative Store (Nuriootpa) Limited and its controlled entity ('the Group'). The Community Co-operative Store (Nuriootpa) Limited is a for-profit proprietary Co-op, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 20 September 2021.

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

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in the financial statements, a statement of financial position as at the beginning of the earliest comparative period will be presented.

Comparatives are consistent with prior years, unless otherwise stated.

In the prior year, the Group changed its accounting period from a 31 January to a 30 June year-end. The comparatives in these financial statements are therefore for the 17-month period ended 30 June 2020.

1 Basis of Preparation

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements 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.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. A controlled entity is any entity over which The Community Co-operative Store (Nurioopta) has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

2 Summary of Significant Accounting Policies (continued)

(a) Basis for consolidation (continued)

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. The controlled entity has a June financial year end.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(b) Revenue and other income

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 Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for 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 Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

2 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

The Group's key revenue streams are mainly from the sale of goods and rental income.

Sale of goods

Revenue from the sale of goods is considered at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investments.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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

(c) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

2 Summary of Significant Accounting Policies (continued)

(c) Income Tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to prepare for their intended use or sale, are capitalised as part of the cost of that asset, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(e) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis (except for Barossa Fresh which is based on last cost) and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(g) Property, plant and equipment

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

2 Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment (continued)

Land and buildings

Land and buildings are measured using the revaluation model based on periodic valuations performed by external independent valuers, less subsequent depreciation for buildings. An independent valuation was carried out in June 2020 by P Tilley (Certified Practising Valuer) of Herron Todd White (South Australia) Pty Ltd.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve (net of tax) in equity. Decreases that offset previous increases of the same assets are charged against this reserve directly in equity; all other decreases are charged to the statement of profit and loss or other comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured using the cost model less depreciation and impairment losses. Cost includes expenditure that is directly attributable to installing assets ready for use.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated over the asset's useful life to the Group, commencing when the asset is ready for use. Land is not depreciated.

The depreciation rates used for each class of depreciable asset are shown below:

Buildings	2.5% - 4%
Plant and Equipment	5% - 50%
Motor Vehicles	18.75%

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 estimate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

2 Summary of Significant Accounting Policies (continued)

(h) Financial instruments

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

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

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 Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

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

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group'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.

2 Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

Financial assets (continued)

Fair value through other comprehensive income

Equity instruments

The Group has a number of investments in unlisted entities over which they do not have significant influence nor control. The Group has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

2 Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

Financial assets (continued)

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or

- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset 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 uncollectable then the gross carrying amount is written off against the associated allowance.

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

Other financial assets measured at amortised cost

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.

Financial liabilities

The Group 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 Group comprise trade payables, bank and other loans and lease liabilities.

(i) Impairment of non-financial assets

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

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

2 Summary of Significant Accounting Policies (continued)

(i) Impairment of non-financial assets (continued)

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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, except for goodwill.

(j) Trade and other receivables

Receivables expected to be collected within 12 months of the end the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The Group has applied the simplified approach measuring expected credit losses, which uses a lifetime expected loss allowance. In using this practical expedient, the Group uses its historical experience, external factors and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess the provision for expected credit losses on a collective basis as they possess credit risk characteristics basd on the days past due.

(k) Trade and other payables

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

(l) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

2 Summary of Significant Accounting Policies (continued)

(m) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee 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. Changes in the measurement of the liability are recognised in profit or loss.

(n) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

(o) Going concern

As at 30 June 2021, the Group had net assets of $29,522,027 (2020: $29,996,135), a net deficiency of current assets to current liabilities of $35,689,224 (2020: surplus $538,154) and incurred a loss before tax for the year of $457,492 (2020: $2,122,138).

The deficiency of current assets to current liabilities has arisen due to the classification of the Group's debt with the Commonweath Bank of Australia ("CBA") at a current liability given the maturity of the Group's finance facility was 31 July 2021.

The following matters have been considered by the Directors in determining the appropriateness of the going concern basis of preparation in the financial statements:

- The successful refinance of the Group's debt with CBA subsequent to year-end;
- Significant events and transactions the Group has entered into since 30 June 2021;
- The actual trading results of the Group for the period to the date of signing these financial statements;
- Sales and profitability forecasts for the Group for the rest financial year; and
- The continued support of the Group's members and lenders.

As noted above, subsequent to year-end, the Group's debt facility was succesfully executed for a three year period until 31 July 2024.

In making its assessment, Management acknowledges that the ability of the Group to continue as going concern is dependent on the generation of sufficient profits and positive cash flows and the continued support of the shareholders and lenders.

3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - land and property held at fair value

The Group carries its land and buildings at fair value with changes in the fair value recognised in the revaluation reserve. Independent valuations are obtained at least triennially and at the end of each reporting period, the Directors update their assessment of the fair value of each property, taking into account the most recent valuations and movements in the market.

Key judgments - taxes

Deferred tax assets

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

Notes to the Financial Statements
For the Year Ended 30 June 2021

4 Revenue and Other Income

Revenue from continuing operations

	2021	2020
	$	$
- Sale of goods	**64,123,494**	87,686,717
- Rental revenue	**2,364,136**	3,418,603
- Other income	**1,257,236**	2,182,912
Total Revenue	**67,744,866**	93,288,232

(a) Timing of revenue recognition

- Services transferred over time	**2,365,767**	3,417,467
- Goods transferred at a point in time	**65,379,099**	89,870,765
	67,744,866	93,288,232

5 Result for the Year

The result for the year includes the following specific expenses:

Cost of sales	**46,357,486**	64,686,072
Other expenses:		
Employee benefits expense	**12,491,040**	16,215,135
Depreciation expense	**2,002,149**	2,561,435
Finance costs:		
- Interest	**1,577,891**	2,302,656
- Interest rate swap	**285,574**	351,229
- Interest on finance leases	**10,367**	11,900
Total finance costs	**1,873,832**	2,665,785

6 Income Tax Expense

(a) The major components of tax expense (income) comprise:

Income tax expense		
Current tax	**63,584**	(625,041)
Deferred tax	**(198,246)**	18,676
Income tax expense / (benefit) for continuing operations	**(134,662)**	(606,365)

6 Income Tax Expense (continued)

(b) Reconciliation of income tax to accounting profit:

	2021 $	2020 $
The prima facie tax on loss from ordinary activities before income tax at 30% (2020: 30%)	**(457,492)**	(2,122,138)
Tax	**30.00 %**	30.00 %
	(137,248)	(636,641)
Add:	**-**	-
Tax effect of:		
- other non-allowable items	**2,586**	30,276
Income tax benefit	**(134,662)**	(606,365)

7 Cash and Cash Equivalents

	2021 $	2020 $
Cash at bank	**405,975**	753,838
	405,975	753,838

Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	Note	2021 $	2020 $
Cash and cash equivalents		**405,975**	753,838
Bank overdrafts	17	**(468,575)**	(62,289)
Balance as per statement of cash flows		**(62,600)**	691,549

8 Inventories

	2021 $	2020 $
CURRENT		
Merchandise on hand	**6,206,587**	5,278,153
Provision for net realisable value	**(94,101)**	(217,292)
	6,112,486	5,060,861

Inventories have been reduced by $ 94,101 (2020: $ 217,292) as a result of the provision for net realisable value provided during the year. Such provision was recognised as an expense during 2021.

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Trade and Other Receivables

		2021	2020
		$	$
CURRENT			
Trade receivables		**1,115,623**	549,609
Provision for expected credit losses	(a)	**-**	-
		1,115,623	549,609
Other receivables		**302,063**	621,151
		1,417,686	1,170,760

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

(a) Expected Credit Losses

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2021 is determined as follows, the expected credit losses ("ECL") incorporate forward looking information.

30 June 2021	**< 30 days**	**< 90 days**	**> 90 days**	**Total**
Gross carrying amount ($)	**1,011,078**	**101,129**	**3,416**	**1,115,623**
ECL provision	**-**	**-**	**-**	**-**

30 June 2020	**< 30 days**	**< 90 days**	**> 90 days**	**Total**
Gross carrying amount ($)	504,738	32,570	12,301	549,609
ECL provision	-	-	-	-

(b) Collateral held as security

The Group does not hold any collateral over any receivables balances.

10 Tax Assets and Liabilities

	2021	2020
NON-CURRENT		
Deferred tax assets:		
- Carried forward losses	**2,820,417**	2,883,999
- Provisions	**818,765**	620,848
	3,639,182	3,504,847
NON-CURRENT		
Deferred tax liabilities	**6,419,830**	6,420,158

Notes to the Financial Statements
For the Year Ended 30 June 2021

11 Property, plant and equipment

	2021	2020
	$	$
LAND AND BUILDINGS		
Freehold land		
At independent valuation	**12,939,000**	12,939,000
Total land	**12,939,000**	12,939,000
Buildings		
At independent valuation	**49,719,000**	49,719,000
At cost	**1,431,795**	961,918
Accumulated depreciation	**(1,047,666)**	(33,900)
Total buildings	**50,103,129**	50,647,018
Total land and buildings	**63,042,129**	63,586,018
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	**2,130,909**	2,050,449
Plant and equipment		
At cost	**9,706,296**	8,907,714
Accumulated depreciation	**(4,409,854)**	(3,552,000)
Total plant and equipment	**5,296,442**	5,355,714
Motor vehicles		
At cost	**98,241**	98,241
Accumulated depreciation	**(95,589)**	(92,318)
Total motor vehicles	**2,652**	5,923
Low value asset pool		
At cost	**192,245**	178,925
Accumulated depreciation	**(123,546)**	(85,861)
Total low value asset pool	**68,699**	93,064
Total plant and equipment	**7,498,702**	7,505,150
Total property, plant and equipment	**70,540,831**	71,091,168

Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Property, plant and equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment

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

	Capital Works in Progress	Land	Buildings	Plant and Equipment	Motor Vehicles	Low Value Asset Pool	Total
	$	$	$	$	$	$	$
Year ended 30 June 2021							
Balance at the beginning of year	2,050,449	12,939,000	50,647,018	5,355,714	5,923	93,064	71,091,168
Additions							
Additions	80,460	-	469,877	829,832	-	13,320	1,393,489
Disposals							
Disposals - written down value	-	-	-	(4,221)	-	-	(4,221)
Transfers	-	-	-	-	-	-	-
Depreciation expense	-	-	(1,013,766)	(884,883)	(3,271)	(37,685)	(1,939,605)
Balance at the end of the year	2,130,909	12,939,000	50,103,129	5,296,442	2,652	68,699	70,540,831

An independent valuation was carried out in June 2020 by P Tilley (Certified Practising Valuer) of Herron Todd White (South Australia) Pty Ltd. Accordingly, the land and buildings were revalued at fair value as at 30 June 2020.

Notes to the Financial Statements

For the Year Ended 30 June 2021

12 Right-of-use assets

	2021 $	2020 $
NON-CURRENT		
Right-of-use Assets	**180,430**	242,974
	180,430	242,974

13 Other Assets

	2021 $	2020 $
CURRENT		
Prepayments	**166,225**	322,594
	166,225	322,594

14 Financial Liabilities

	2021 $	2020 $
CURRENT		
Interest rate swaps	**472,260**	-
	472,260	-
NON-CURRENT		
Interest rate swaps	**-**	960,535
	-	960,535

15 Trade and Other Payables

	2021 $	2020 $
CURRENT		
Trade payables	**5,199,635**	4,371,828
GST payable	**72,057**	75,895
Sundry payables and accrued expenses	**874,394**	542,725
Unclaimed members appropriations from closed accounts	**90,780**	90,933
	6,236,866	5,081,381

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

16 Lease Liabilities

	2021	2020
	$	$
CURRENT		
Lease liabilities	**62,326**	59,470
	-	-
	62,326	59,470
NON-CURRENT		
Lease liabilities	**125,785**	188,111
	125,785	188,111

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	$	$	$	$	$
2021					
Lease liabilities	**69,839**	**131,698**	**-**	**201,537**	**188,111**
2020					
Lease liabilities	69,839	201,536	-	271,375	247,581

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	2021	2020
Depreciation of right-of-use assets	**62,544**	62,544
Interest on finance leases	**10,367**	11,900

Notes to the Financial Statements
For the Year Ended 30 June 2021

17 Borrowings

	2021	2020
	$	$
CURRENT		
Unsecured liabilities:		
Other loans - members	**137,360**	146,378
	137,360	146,378
Secured liabilities:		
Bank overdraft	**468,575**	62,289
Bank loans	**34,622,600**	540,000
	35,091,175	602,289
Total current borrowings	**35,228,535**	748,667
NON-CURRENT		
Unsecured liabilities:		
Other loans - members	**2,609,844**	2,781,190
	2,609,844	2,781,190
Secured liabilities:		
Bank loans	**-**	34,979,519
Total non-current borrowings	**2,609,844**	37,760,709
Total borrowings	**37,838,379**	38,509,376

(a) The carrying amounts of non-current assets pledged as collateral for liabilities are:

	2021	2020
First Mortgage:		
- freehold land and buildings	**63,042,129**	63,586,018
	63,042,129	63,586,018

(b) Collateral Provided

The bank debt with Commonwealth Bank of Australia (CBA) is secured by a first registered mortgage over all freehold properties owned by the Group.

Cash and cash equivalents are pledged against the bank overdraft on an ongoing floating basis for the term of the bank overdraft's maturity. Subsequent to year-end, the facility maturity date was extended to 31 July 2024.

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Borrowings (continued)

(c) Compliance requirements

Under the terms of the facility in place during the period, the following minimum EBITDA is to be maintained during the term of the facility:

- Minimum EBITDA covenant for the 6 months to 31 July 2020 of $1,250,000;
- Minimum EBITDA covenant for the 9 months to 31 October 2020 of $2,100,000;
- Minimum EBITDA covenant for the 12 months to 31 January 2021 of $3,400,000;
- Minimum EBITDA covenant for the 3 months to 30 April 2021 of $700,000; and
- Minimum EBITDA covenant for the 6 months to 31 July 2021 of $1,600,000.

Subsequent to 30 June 2021, a deed of amendment was made with the bank and the new covenants imposed require EBITDA to be within 90% of budget calculated on a rolling 12 month basis at each reporting period commencing from the quarter ending 30 June 2021. The facility maturity date has been extended to 31 July 2024.

All covenants were met in the reporting period unless otherwise stated.

18 Employee Benefits

	2021	2020
	$	$
CURRENT		
Provision for long service leave	**541,858**	411,324
Provision for annual leave	**549,751**	469,057
Provision for salaries and wages	**700,000**	-
	1,791,609	880,381
NON-CURRENT		
Provision for long service leave	**102,808**	149,986

19 Issued Capital

	2021	2020
1,844,384 (2020: 1,920,023) Ordinary shares	**3,688,768**	3,840,046

(a) Ordinary shares

	No.	No.
At the beginning of the reporting period	**1,920,023**	1,907,996
Shares issued during the year	**71,197**	363,583
Shares redeemed during the year	**(146,836)**	(351,556)
At the end of the reporting period	**1,844,384**	1,920,023

The capital of the parent company consists of an unlimited number of shares of a nominal value of $2.00 each. The maximum shareholding of any one individual shareholder is 20% of nominal capital. The shares may be redeemed, upon application of a Member, or transferred to a Member, subject to approval of the Board of Directors.

20 Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

21 Capital and Leasing Commitments

(a) Contracted Commitments

There are no capital expenditure commitments in the financial statements.

22 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Bank overdrafts and borrowings
- Financial assets
- Trade and other payables
- Lease liabilities
- Floating rate bank loans
- Interest rate swaps

(a) Summary Table

	Note	2021 $	2020 $
Financial assets			
Held at amortised cost			
Cash and cash equivalents	7	**405,975**	753,838
Other assets	13	**166,225**	322,594
Trade and other receivables	9	**1,417,686**	1,170,760
Fair value through Profit or Loss Statement			
Equity securities at fair value through Profit or Loss Statement		**109,075**	98,491
Total financial assets		**2,098,961**	2,345,683

Notes to the Financial Statements
For the Year Ended 30 June 2021

22 Financial Risk Management (continued)

	Note	2021 $	2020 $
Financial liabilities			
Trade and other payables	15	**6,236,866**	5,081,381
Financial liabilities at fair value:			
Derivatives used for hedging	14	**472,260**	960,535
Lease liabilities	16	**188,111**	247,581
Borrowings	17	**37,838,379**	38,509,376
Total financial liabilities		**44,735,616**	44,798,873

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and other market risks and assessment of market forecasts for interest rate and other market movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place. The Community Co-operative Store (Nuriootpa) Limited does not actively engage in trading of financial assets for speculative purposes nor does it write options. Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debtors or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and

Typically, the Group ensures it has sufficient cash or bank facilities on demand to meet expected operational expenses for a period of 60 days. The available funds to the Group are disclosed in Note 28.

22 Financial Risk Management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of the contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables.

It is the Group's policy that all customers who wish to trade on credit terms undergo a credit assessment process which takes into account the customer's financial position, past experience and other factors. Credit limits are then set based on ratings in accordance with the limits set by the Board of Directors, these limits are reviewed on a regular basis.

Security

Trade receivables consist of a large number of customers in various industries. The Group does not hold any security on the trade receivables balance. In addition, the Group does not hold collateral relating to other financial assets.

Trade receivables

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

22 Financial Risk Management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk which result from its financing activities.

(i) Interest rate risk

The Group is exposed to interest rate risk as funds are borrowed at floating rates.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

The interest rates on the Commonwealth Bank facility are variable therefore, the Group has entered into interest rate swap agreements to hedge against unfavourable changes in interest rates. The fixed rate on $8,000,000 of the market rate loans is 2.80% and the fixed rate on another $13,000,000 of the market rate loans is 2.72%. The following illustrates the sensitivity of profit and equity to a 1% change in interest rates on the remaining amount.

+/- 1% in interest rates	**$131,000**

23 Key Management Personnel Remuneration

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) of the entity is considered key management personnel.

Key management of the Group are the Board of Directors and other key management personnel. The totals of remuneration paid to key management personnel of the Co-operative and the Group.

Key management personnel remuneration included within employee expenses for the year is shown below:

	2021 $	2020 $
Short-term employee benefits	**673,202**	774,452
Post-employment benefits	**61,219**	2,057
17 months effect	**-**	263,609
	734,421	1,040,118

24 Auditors' Remuneration

	2021	2020
	$	$
Remuneration of the auditor, William Buck, for:		
- auditing or reviewing the financial statements	**55,600**	65,800
- taxation compliance	**7,000**	8,800
	62,600	74,600

25 Fair Value Measurement

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transactions.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, commonly used by market participants.

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Financial assets
  - Unlisted Shares
  - Other Financial Assets
  - Equity Securities at FVOCI

- Financial liabilities
  - Bank Loans
  - Derivatives
  - Other Financial Liabilities

Fair value hierarchy

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of inputs used in making the measurements between those whose fair value is based on.

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

25 Fair Value Measurement (continued)

The table below shows the assigned level for each asset and liability held at fair value by the Group:

30 June 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Equity instruments at FVOCI	-	**109,075**	-	**109,075**
Financial liabilities				
Derivatives used for hedging	-	**472,260**	-	**472,260**

30 June 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Equity instruments at FVOCI	-	98,491	-	98,491
Financial liabilities				
Derivatives used for hedging	-	960,535	-	960,535

26 Contingencies

In the opinion of the Directors, the Co-op did not have any contingencies at 30 June 2021 (30 June 2020:None).

27 Related Parties

(a) The Group's main related parties are as follows:

The ultimate parent entity, which exercises control over the Group, is The Community Co-operative Store (Nuriootpa) Limited which is incorporated in Australia and owns 100% of Heritage Stores Pty Limited.

Key management personnel - refer to Note 23.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

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

27 Related Parties (continued)

(c) Key management personnel shareholdings

The number of ordinary shares in The Community Co-operative Store (Nuriootpa) Limited held by each key management person of the Group during the financial year is as follows:

	Opening balance	Changes during the year	Closing balance
	No.	No.	No.
Directors			
Auld, John	110	-	**110**
Curnow, John	755	294	**1,049**
March, James	39	186	**225**
Renshaw, Kevin	10	2	**12**
Tolhurst, Rebecca	467	19	**486**
Bogomolova, Svetlana	100	-	**100**
Myers, Andrew	-	251	**251**
Retallick, Neil	5	-	**5**
Craddock, Bruce	71	3	**74**
	1,557	755	**2,312**

28 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	$	$
Loss for the year	**(322,830)**	(1,515,773)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**2,002,149**	2,561,435
- loss on disposal of property, plant and equipment	**(601)**	-
- fair value movements on financial instruments	**488,275**	(383,687)
Changes in assets and liabilities:		
- (increase) in trade and other receivables	**(90,557)**	(492,663)
- (increase)/decrease in inventories	**(1,051,625)**	1,802,362
- increase/(decrease) in trade and other payables	**1,155,485**	(1,150,638)
- (decrease)/increase in financial liabilities	**(488,275)**	383,687
- (decrease) in income taxes payable	**(134,663)**	(606,364)
- increase/(decrease) in provisions	**864,050**	(122,968)
Cashflows from operations	**2,421,408**	475,391

Notes to the Financial Statements
For the Year Ended 30 June 2021

29 Events Occurring After the Reporting Date

The financial report was authorised for issue on 20 September 2021 by the board of directors.

Subsequent to the end of financial year, a deed of amendment was made with the Commonwealth Bank of Australia. The facility maturity date has been extended 31 July 2024.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

30 Parent entity

	2021 $	2020 $
Statement of Financial Position		
Assets		
Current assets	**7,909,156**	6,976,577
Non-current assets	**70,314,842**	70,809,665
Total Assets	**78,223,998**	77,786,242
Liabilities		
Current liabilities	**43,760,329**	9,680,049
Non-current liabilities	**3,700,875**	36,933,709
Total Liabilities	**47,461,204**	46,613,758
Equity		
Issued capital	**3,438,768**	3,590,046
Retained earnings	**16,367,358**	16,625,770
Revaluation surplus	**10,956,668**	10,956,668
Total Equity	**30,762,794**	31,172,484
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	**(258,412)**	(1,500,100)
Total comprehensive income	**(258,412)**	(1,500,100)

31 Statutory Information

The registered office and principal place of business of the company is:

The Community Co-Operative Store (Nuriootpa) Limited
3 Murray Street
Nuriootpa, South Australia

Directors' Declaration

The directors of the Co-op declare that:

1. the financial statements and notes for the year ended 30 June 2021 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. give a true and fair view of the financial position and performance of the consolidated group;

2. In the directors' opinion, there are reasonable grounds to believe that the Co-op 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 Board of Directors.

Director ....
Ms Rebecca Tolhurst
Chair of the Board

Director ....
Mr Kevin Renshaw
Chair of the Audit and Risk Committee

Dated OCTOBER 1 2021

William Buck

The Community Co-operative Store (Nuriootpa) Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Community Co-operative Store (Nuriootpa) Limited (the Co-operative and its controlled entity ("the Group")), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Co-operatives National Law (South Australia) Act 2013* and *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the period then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

ACCOUNTANTS & ADVISORS
Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* 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 ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our independent auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

William Buck

William Buck (SA)
ABN 38 280 203 274

M. D. King

Dated at Adelaide, 1st October 2021