

Cover image: Penny Thirlwell – IGA Xpress Nubeena Seabreeze (Winner of the IGA Rising Star Award)

ANNUAL REPORT

2021-2022



tasmanian
independent
retailers

OUR PILLARS



**tasmanian
independent
retailers**

Tasmanian Independent Retailers (TIR) is a trading Co-Operative that was formed in 1956 to support and represent the interests of independent grocery retailers and members. Today, TIR is one of Tasmania's largest Co-Operatives with its membership and shareholding limited to the independent retailers that trade under the IGA brand in Tasmania, for which there are currently 86 outlets as at 30 June 2022.

TIR's primary role is to facilitate and support members & IGA Retailers in the key areas of advocacy, merchandising, marketing & promotions, and member's services.

TIR is a co-owner in SIW (40%) and also owns and operates IFP (100%). TIR's Head Office is located at Western Junction in Tasmania.



island fresh
PRODUCE

TIR acquired the business of Launceston Market Supplies (LMS) in 1995 and later rebranded it to Island Fresh Produce (IFP).

Island Fresh Produce is one of Tasmania's leading fruit and vegetable distribution wholesalers, supplying both independent retailers and hospitality customers across Tasmania.

As a Tasmanian business, IFP supports local growers by focusing on sourcing fresh fruit and vegetables from Tasmanian farmers where possible and sources additional produce from markets all across Australia. IFP is also focused on providing both members and customers with quality produce at competitive prices, coupled with a regular delivery logistic Statewide.

IFP services its members and customer network from its composite DC facility in Launceston.



**STATEWIDE
INDEPENDENT
WHOLESALE**

SIW is a joint venture arrangement between TIR and Woolworths Ltd.

SIW's initial equity partners when it was first formed in 1980 was TIR and Roelf Vos Supermarkets, an independent MSO, with the latter being acquired by Woolworths Ltd in 1982.

SIW's primary role is the procurement, warehousing and distributions of selected grocery products to both independent and Woolworths Stores across Tasmania. SIW operates independent of its two equity partners and shareholders and is supported by its own executive and management teams. SIW operates from its fully composite Regional Distribution Centre at Western Junction.



Tasmanian Independent Retailers

📍 8 Translink Ave, Western Junction, Australia, Tas 7212

☎ 03 6391 0200

✉ enquiries@tir.com.au

🌐 www.tir.com.au



Island Fresh Produce

📍 15 Connector Park Dr, Kings Meadows, Australia, TAS 7249

☎ 03 6341 1900

🌐 www.tir.com.au/ifp/



Statewide Independent Wholesalers

📍 8 Translink Ave, Western Junction, Australia, Tas 7212

☎ 03 6391 0800

🌐 www.siw.com.au

MEMBER NETWORK

TIR's Member Network consist of 86 IGA retail outlets across Tasmania trading under the IGA or IGA X-press banners. Most of the network is represented by single store operators (SSO) with 6 multi store operators (MSO) representing 21 of the 86 IGA retail outlets.

Member retail sales during this reporting period are \$635.9M (Approx.) which places the IGA Group market share in Tasmania at approximately 21%.



OUR VISION

To be a united force in Tasmanian food and grocery retailing, with a thriving network of independently-owned stores, trusted and favoured by our local communities



OUR PURPOSE

We support our members to achieve success, profitability and sustained growth, using the strength of our co-operative

OUR VALUES



We are here to support our members



We are open and honest



We grow and innovate



We care and listen

OUR LOCATION SPREAD OF OUR 86 MEMBER STORES



- **30 stores** in the 63 area code catchment (North/North East/Upper East Coast)
- **31 stores** in the 62 area code catchment (South)
- **25 stores** in the 64 area code catchment (North West/West Coast)



61 STORES
are located in rural areas



25 STORES
are located in metro areas

6 Multi-store Operators (MSO) representing **21 of 86 IGA stores**

TIR Group Network comprises **86 IGA members** and **75 non-member independent retailers**

MEMBER
RETAIL
SALES

\$636M

MARKET
SHARE

21%

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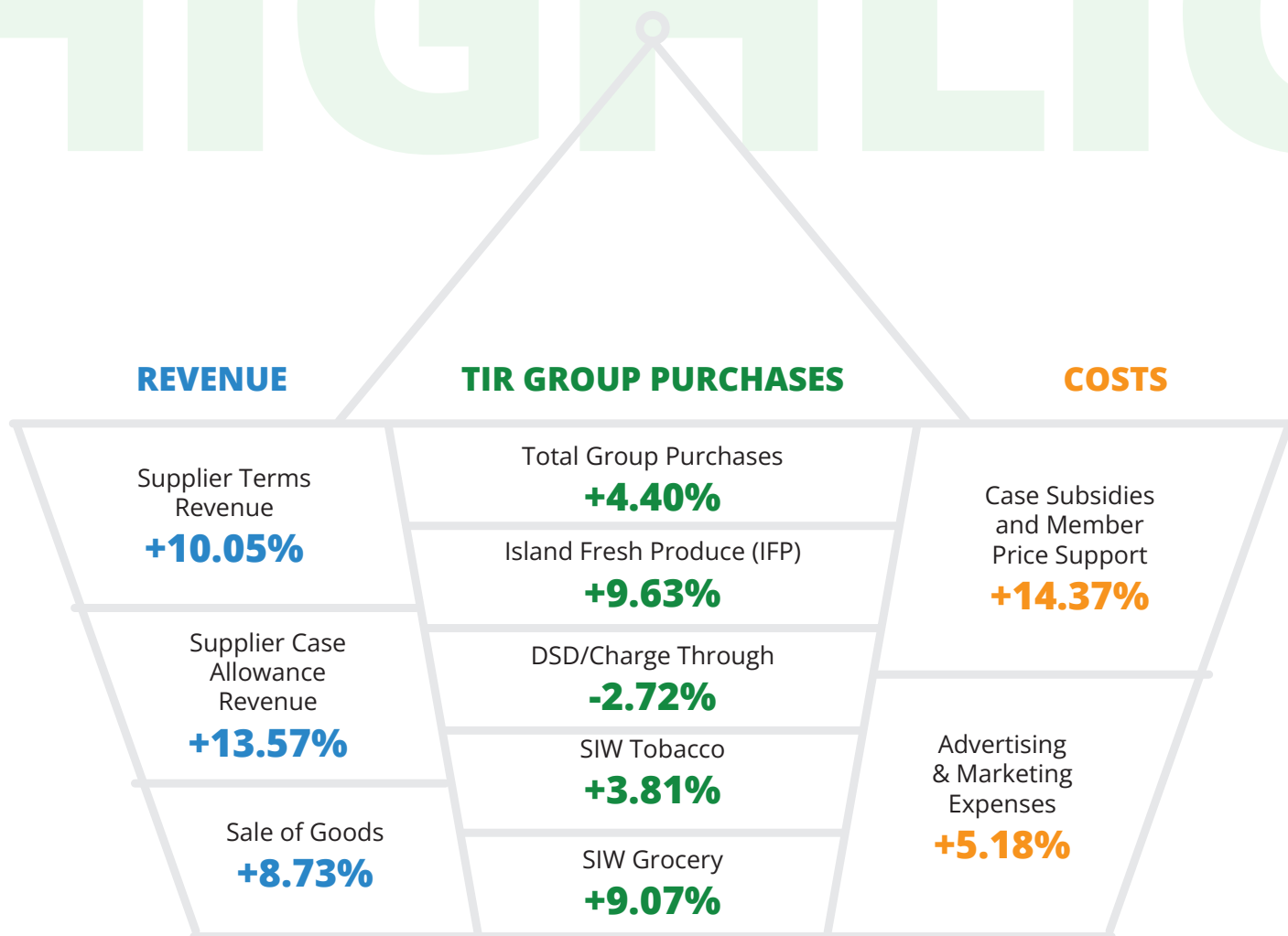




Welcome

It is with great pleasure that we present the 2021/22 Annual Report to members of our Co-Operative. We commend all members on the outcome attained during this period and the further consolidation of market share.

FINANCIAL HIGHLIGHTS



MEMBER BENEFITS

\$4.70M



CASE SUBSIDIES & MEMBER PRICE SUPPORT

PROFIT

\$1.78M

PROFIT BEFORE TAX

Excluding SIW NET Profit

\$2.11M

PROFIT BEFORE TAX

Including SIW NET Profit



FY23 OUTLOOK

The current outlook for FY23 is difficult to predict. Sales growth is very high due to escalating inflation but volume growth is beginning to taper.

Member purchase growth (\$) excl. cigarettes of 12.57% indicates group sales look strong, however inflation is estimated to make up around 8.5%. A contraction in IFP tonnage can be linked to supply difficulties and low levels of growth in cigarette purchases may indicate that inflationary pressures are impacting spending. We should expect further headwinds as the year progresses.



**SIW Member Total \$
Purchases July to Sept 21**

+7.62%

Growth Trend



**SIW Member \$ Purchases
excl. Cigarettes July to Sept**

+12.57%

Growth Trend



**SIW Member Cigarettes \$
Purchases July to Sept 21**

+3.17%

Growth Trend



**IFP Tonnage
(Volume)**

-1.21%

Growth Trend



We are extremely pleased with our members ongoing commitment to reinvest in their stores. This in part is supported by our EDF Program which saw an additional allocation for FY22 of \$0.993M, bringing total allocations since inception totalling \$14.514M.



SUMMARY OF ACRONYMS

SIW – Statewide Independent Wholesalers Ltd

TIR – Tasmanian Independent Retailers
Co-Operative Society Ltd

IFP – Island Fresh Produce

DSD – Direct to Store Distribution Network

Members – Shareholders of TIR / IGA Tas Retailers

FY – Financial Year

Group Purchases – Members & Other
Customer Purchases

Group Trading Results – Trading results
generated via all related business activities

OEP – Operational Excellence Program

Total Customer – Member & Other Customers

Co-Operative – Tasmanian Independent Retailers
Co-Operative Society Ltd

EDF – Equipment Development Fund

PIP – Purchase Incentive Payments

MSO – Multiple Store Owner



CHAIRMAN'S REPORT

MICHAEL BAXTER – *Chairman of the TIR Board*

It is with great pleasure that I present my chairman's report to members for the 12-month period ending 30 June 2022.

I want to begin by congratulating all members for their collective achievements during this period, along with the sound growth results attained within our business. I would also like to thank members for their ongoing support of our Co-Operative and the wider support provided to our IFP and SIW operations.

This recent year has been challenging, largely driven by the reintroduction of COVID into our community with the reopening of our state borders in December 2021, along with the business and social interruptions that followed. Despite these challenges and the ongoing supply issues within our sector, our network retained and further consolidated sales growth from prior years.

During this year, the board has also worked closely with the executive team within the TIR Group in an ongoing endeavor to review and improve business operations and services to members.

We are pleased to note improvements within the IFP business from a price and service perspective, which many members confirmed as part of a member survey from early FY22. Glenn Sullivan and his team have been focused on driving a change in perception and culture within the business, and we feel this approach will assist the business and members well into the future.

SIW has again done an excellent job supporting our members and staying consistent with its brief to provide a "low-cost to service" model to its customers.





The board has also worked closely with SIW and our executive team on the pending changes to the SIW Charge Model, which seeks to deliver a fairer, simpler, and more transparent charging model to our member network. I note that these changes will be implemented throughout FY23, with further information to be provided to members in the coming months.

The board has also retained its ongoing focus on member support via our member's services and operations teams, in addition to member workplace health & safety advice provided by Mel Axford, our new Safety, Health & Environment Specialist.

The coming 12 months will see the board focus on developing our next 3-year

strategic plan and further support and assist members during the anticipated difficult trading period ahead. There is no doubt that the retail environment will tighten as the economy contracts and consumer spending and confidence takes a nosedive.

We have faced such challenges in the past, and we will invariably face them again. However, we have one key asset, our Co-Operative, our Member Network, and our continued drive for success within our business operations.

I would also like to acknowledge Peter Aulich, who stepped down from the board at the 2021 AGM. Peter was a key contributor to the board during his tenure and served as Deputy Chair and Chair for an extended period. We thank

Peter for his service and contribution during his tenure, and I wish both Lyn and Peter all the best for the future.

In closing, I would like to thank the TIR Group Team Members for their ongoing support and dedication to our Co-Operative and member stores during this period and in the future.

Finally, to my fellow Directors on the board of TIR, thank you for your support during the past 12 months and the personal commitments you all make in fulfilling your duties as Directors of our Co-Operative.

Regards & Good Trading

Michael Baxter
Chairman of the TIR Board





CEO REPORT

GRANT HINCHCLIFFE – CEO Tasmanian Independent Retailers

I want to start this report by acknowledging and commending all members for their support of the Co-Op and achievements over the past 12 months. As a group, we have seen further growth and consolidation across our network despite the challenging environment that we have traded within.

Members have also demonstrated confidence in both their business and our network via ongoing store refurbishments and expansions, which in turn are being rewarded by improved customer experiences and increased spend. As a network of independently owned and operated businesses, we should be proud of our brand, our stores, and the support we provide to our local customers and communities across the Tasmanian landscape.

MEMBER NETWORK SALES / THE PANDEMIC

Whilst the past 12 months have delivered sound growth results and outcomes across our network, in my opinion, it has been the second most challenging period that we have endured, with the first being the start of the Pandemic from March to August 2020.

Tasmania's COVID-free status was removed on the 15th of December 2021 with the opening of our state borders. The immediate period that followed saw a significant spike in case numbers and stay-at-home requirements (for both positive and close contacts), which consequently impacted staff rostering and the ability to trade and operate effectively across our member and supply chain network. The ongoing supply chain challenges, which have continued for a large part of 2022, also show little abatement, impacting SIW's service levels to member stores and hindering volume and sales growth (bar inflation).

It was an extremely difficult period for our community and all businesses in Tasmania.

Despite these challenges, our member stores adapted. They stayed open, supporting our customers and local communities with a relevant and competitive offer.

Whilst I accept there are many varied opinions on the handling of the Pandemic by our state and federal governments, I am hopeful that the worst is behind us. However, we must now deal with the post-pandemic consequence and headwinds confronting us.

The positive growth trend for member retail sales over the period has continued, with approximate retail sales of \$635.9M, representing a \$29.9M (+4.81) increase in the comparative

period. This result also means our IGA market share has grown to 21% of the Tasmanian Supermarket Industry. This result is highly pleasing for our member network, particularly within the backdrop of the supply chain challenges that prevailed for a large part of the trading period and the opening of our state borders in December 2021.

In contrast, member retail sales growth has also been supported by supplier price increases from February to June 2022, the likes of which we have not experienced for many years. These increases reflect higher inputs and other cost factors across all sectors within the Australian economy. They will, over time, affect consumer spending and behaviour patterns, impacting grocery basket spend within our member network and the wider retail environment, increasing the competitive pressures within our sector.

To counter this, we must remain competitive and relevant within the market; otherwise, sales and volume will decline, further compounding the challenges around the cost of doing business and margin pressures. TIR has, in the past and will continue to do so into the future, implement measures and initiatives that will support members within this scope whilst also endeavouring to retain and grow members' sales and profitability.





STATEWIDE INDEPENDENT WHOLESALERS (SIW)

SIW has continued to support its customers and, in particular, our member stores well over the financial year. Additional details about the SIW trading results and key highlights are noted separately in this report. However, it is pleasing to note the profit outcome for FY22 of \$1.17m before tax and the low EBIT outcome relative to corresponding sales of 0.54%. These outcomes support the current positioning of the SIW board that it should operate on a low cost-to-service model to its customers whilst also acknowledging the requirement to retain some funds to support future growth and opportunities within the business, along with capital spend requirements.

SIW's new Pronto ERP (electronic resource platform) development continued during the financial year, with the go-live date now expected to be early 2023. The Pandemic has had a considerable impact on this project and impending rollout, frustrating both SIW and the software provider. The transition away from the current Pegasus ERP, which has been in place and has served the business well since 1995, will be welcomed by SIW and TIR. We look forward to the improved functionality applied to our merchandising, promotions, hosting, and business intelligence (BI) functions.

The SIW board also considered and approved the pending changes to the Independents' charge model, with the same also endorsed by the TIR board and further supported by an independent review by KPMG. The new charge model is premised on being fairer, more equitable and transparent than the current model and will better support our member network and other independent customers into the future. The revised charge model will be implemented in stages, with the

first stage being the "Transport Fees" change from October 2022, with other changes to follow from early 2023.

SIW has endured a difficult period in the last half of the financial year within the procurement and replenishment space, primarily driven by supplier out of stocks due to Pandemic impacts on staffing, production, inputs, and supply chain shortfalls. These challenges have impacted all SIW customers, and whilst far from ideal, the circumstances and outcomes that have prevailed within the SIW operations are far better than that experienced by our mainland counterparts. SIW will continue its focus on ensuring sufficient supply to meet its customer's demands, but equally, we must acknowledge the external challenges that exist, and whilst improving, will still take time to resolve.

It is also pleasing to note that member volume and \$ sales via SIW both increased by the same 5.69% growth rate on the prior financial year. In addition, there has also been a considerable uplift within our GP\$ KPI, which increased by 7.79% on the prior financial year.

The increased volume and sales growth via SIW is imperative, as it delivers a more efficient procurement, warehouse and supply logistic for our member network and fractionalising our member cost to service.

I commend Drew Freeman, SIW General Manager and the wider SIW Team on the results attained for the financial year, along with their ongoing support of all SIW customers, and in particular, our member stores.

ISLAND FRESH PRODUCE (IFP)

IFP strives to support members by supplying a superior range of fresh fruit, vegetables, and related lines.

To provide this, IFP has maintained a strong focus on procurement and exploring new supply options both within Tasmania and the mainland. IFP also continues its focus on supporting Tasmanian growers and producers but accepts that some members will require the mainland equivalent due to the lower cost and corresponding grade.

IFP has also continued its focus on driving operational efficiencies and improvements within the business, with one fundamental change being our delivery logistics in Southern Tasmania. This change has seen the closure of the TIR Office and corresponding warehouse space at Gormanston Road in Hobart and the subsequent appointment of Raynor Transport to facilitate our 3PL (3rd Party Delivery Logistics) for all IFP southern customers. This change was implemented in October 2021, and whilst there were some initial challenges, the revised southern 3PL is working well and delivering the expected outcomes and benefits. During the current financial year, IFP also disposed of its former distribution facility in Devonport, as this site was now redundant from a TIR / IFP use perspective. These changes have consolidated and streamlined IFP operations and redirected the savings to improve service, supply, and wholesale pricing for all members.

IFP, like SIW, also experienced grower and supply chain challenges, albeit more linked to weather-related issues such as major flooding, which has occurred across many regions, and more frequently than expected due to the La Niña weather pattern. This



issue has impacted price and quality significantly, coupled with the high inflationary cycle that we are now in, which has and will continue to flow through to consumer spending and buying patterns.



TRADING OUTLOOK

The trading outlook for the foreseeable future will remain challenging and premised on supply issues, inflation, interest rates, economic slowdown, financial markets, and international pressures. The one remaining positive, however, is the ongoing strength of the Australian economy and our low unemployment rate. Whilst this is a preferred position in one respect, it equally delivers recruitment issues and other challenges.

From a Tasmanian perspective, our economy also remains relatively strong, as supported by the CommSec "State of the States" Report for the June Quarter 2022, in which Tasmania was ranked third, a drop from the five prior quarters where Tasmania led all other states.

The Tasmanian economy remains strong across many key performance sectors, albeit with equipment investment, housing finance, and new dwelling builds posting annualised negative results to June 2022. Retail sales increased by just

0.1% from an annual growth perspective, placing Tasmania well below the national average of 2.7%.

Whilst these results are sound and relative to the other states, they are not as good as prior reports. They are historical views and the full impacts of rising inflation, interest, and other external pressures yet to be fully reflected within our economy and, more importantly, within our member stores and the broader retail industry.

While the FY23 Q1 SIW Purchase metrics are positive for member sales (+7.62%) and volume (+4.22%), I still believe it will be a challenging year due to the increased pressure on customers' available spend and continued impact on the supply of required stock. Our focus will remain on growth and maintaining market share.

TIR will continue to support and help navigate members in addressing these challenges whilst ensuring we remain relevant and competitive within the current market. We also need to adapt to the changing environment and continue focusing on key attributes that don't come with a cost, such as customer service with a smile, convenience, locally focused range, unique offer, and outstanding store presentation.



MEMBER ENGAGEMENT

TIR consistently engages with members via daily updates, broadcasts, and other relevant communications, and in person, at channel meetings and conferences. Whilst the face-to-face meetings have been limited since the start of the Pandemic back in March 2020; we did manage to host two functions during the financial year, which members and other key stakeholders well supported.

Our mini-conference and Award of Excellence Dinner in May 2022 encompassed a different format from previous events, including a TIR / SIW & Supplier Session, Member Speed Dating Session, Member Business Session, and the Awards of Excellence Dinner (AoE). We also acknowledged and inducted our 25 Year Club Members at this event, including current and past members and staff of our Co-Operative. Our internal review of the May conference revealed sound support for all initiatives. However, I note that support for the TIR business session was lower, which will be further explored with changes considered for future sessions.

I am also pleased to note that our previously cancelled Conference for Noosa has been rescheduled to May 2023, with detailed planning for this event to occur in the second half of 2022. I encourage all members to consider attending and participating in this exciting networking event.



TIR GROUP TRADING RESULT

The TIR Group reported a sound trading result for FY22, with an underlying Net Profit of \$2.109M, representing a decrease on the FY21 result of \$2.906M (-\$797K). This result includes a non-cash entry for the SIW Share of Profit of \$328K relevant to TIR's 40% shareholding.

Numerous factors have driven this result and are explained in further detail within the finance section of this annual report, along with the General Purpose Financial Statements (GPFS).

TIR will continue to focus on and drive efficiencies within the business; however, it will continue to invest in improved member support and services where required and feasible.

TIR TEAM MEMBERS (STAFF)

I take this opportunity to commend and thank all TIR team members for their ongoing support for TIR and our wider member network.

It has been a difficult 12 months, and TIR, like all other businesses, has experienced departures across all our teams, creating resource challenges and skill gaps. Despite this, the service provisioned back to members has remained robust. I'm hopeful the coming 12 months will see further consolidation and settling within this space.

I also acknowledge Ron Barker, who formally retired from TIR in June 2022. Ron's retirement concludes a 53-year association within the Tasmanian Grocery Industry, during which he has earned the broad respect of his many peers and associates. I congratulate Ron on his distinguished career and dedicated service to TIR and wish both Sue and him all the best for the future.

Also, a special thanks to the board of TIR for the support, advice, and guidance they have provided to me and the wider Executive Team on various matters over the past 12 months.

CLOSING

In closing, I again commend all members for their ongoing support of the Co-Operative and their many achievements and successes over the past 12 months. It makes me incredibly proud to be the CEO of our Co-Operative, along with our ongoing focus to support and help members grow and prosper within their businesses.

Please be proud of your Co-Operative, your business, and your successes, and let's collectively remain united and focused on driving sound outcomes for all members by utilising the strength of our Co-Operative and our network.

Grant Hinchcliffe

CEO Tasmanian Independent Retailers



TIR EXECUTIVE



GRANT HINCHCLIFFE – *CEO Tasmanian Independent Retailers*

Grant commenced employment with TIR in 1991 and has held a variety of roles within the Co-Operative including Assistant Accountant, Accountant, Group Operations Manager, and Company Secretary. Grant's current role is CEO of TIR, which is a position held since 2007. Grant is also a Director and Vice President of the MGA, and also attends the IGA National Council (IGA NRC) representing Tasmania and our member network. Grant's qualifications include an Associate Diploma in Business (Accounting) & Bachelor of Business (Accounting) BBus.



GARY SUTHERLAND – *Head of Promotions, Special Projects and Insights*

Gary joined TIR as the Promotions Manager in 2010 and brought extensive experience from many previous corporate and independent supermarket roles. Gary was appointed Head of Promotions, Special Projects and Insights in 2019. Now in the 43rd year of his retail career, Gary oversees the Promotions department, supports TIR's strategic planning activities, and continues to develop business insights solutions to provide better business decisions.



TRAVIS ALLEN – *Head of Marketing*

Travis joined TIW/TIR in 1998 as an advertising designer. Previous to this Travis spent 4 years working for AMCOR Product Packaging as a graphic designer. In 2002 Travis was promoted to Advertising Manager, before being appointed Head of Marketing in 2019. Core responsibilities include: traditional & digital marketing placements, maintaining alignment with the national IGA (Metcash) marketing calendar, IGA's major consumer competition, TIR member & IGA customer websites and IGA's community partnerships & engagement programs.



MITCHELL KAY – *Financial Accountant*

Mitchell joined TIR as the Financial Accountant in 2021. Mitchell holds a Bachelor of Business (BBus) and is a member of the Institute of Chartered Accountants Australia and New Zealand (CA ANZ). Mitchell is in the 15th year of his accounting career, with experience in a diverse range of industry segments including fast-moving consumer goods, food production, retail, and agribusiness. Mitchell has a history of working in both public practice and ASX-listed corporate environments.



MEL AXFORD – *Safety, Health and Environment Specialist*

Mel joined the TIR team as Safety, Health and Environment Specialist in February 2022. Mel has over 20 years' industry and professional services experience across safety, risk, compliance and assurance and has held senior positions within several industry sectors including Utilities, Oil & Gas, Manufacturing and Government. Mel holds a Bachelor of Science (Occupational Health and Safety).



TIM BEDNARZ – *Information Technology and Retail Technology Specialist*

Tim joined TIR as the IT & Retail Technology Specialist in 2022. Tim has over 25 years' experience as an IT professional implementing, maintaining and improving a wide range of IT systems in banking, retail, education, manufacturing and mining sectors and has held several senior positions leading teams within the APAC region.



JOEL ZAMEK – *Head of Merchandise & Supplier Engagement*

Joel Zamek joined the TIR team as Head of Merchandise & Supplier Engagement in July 2021. Joel holds an Executive Master of Business Administration (EMBA) from the University of Technology Sydney. Joel has a breadth of experience having held senior roles both within the supplier landscape and for the last decade working with independent retailers primarily as a senior executive with Australian Liquor Marketers (Metcash).



NICOLE MCCULLAGH – *Head of People & Culture*

Nicole joined the TIR team, as Head of People & Culture, in 2019. Nicole holds a Bachelor of Business (BBus) and is a member of the Australian HR Institute. Nicole has 20 plus years industry experience within Human Resource, Strategy, Merger & Acquisitions, and Sales across a variety of industries most recently in automotive and real estate prior to joining TIR. Nicole provides enthusiasm to TIR projects and seeks to provide strength and direction to the people and culture elements of the organisation.



GLENN SULLIVAN – *Head of Island Fresh Produce*

Glenn joined TIR/IFP in March 2021 as the Head of Island Fresh Produce. Glenn brings with him over 30 years in the retail sector with 10 of those years in his own business. Since selling the business Glenn has specialized in high level change Management across multiple industries including food, fuel, and convenience and QSR.

TIR BOARD OF DIRECTORS



MICHAEL BAXTER – *Chairman*

Michael Baxter joined the board as a member director in November 2005 and was appointed as Chairman in November 2017. Experience: Mr. Baxter is the former owner operator of IGA Westbury and IGA Shearwater. He is also a shareholder of DRB Retail Pty Ltd, operator of IGA Prospect.



BRETT MACKAY – *TIR Board Member Director*

Brett Mackay joined the board as a member director in November 2002. Experience: Mr Mackay is existing operator of IGA X-press Lindisfarne.



CHRIS HILL – *TIR Board Member Director*

Chris Hill joined the board as a member director in November 2011.

Experience: Mr Hill is a director of CG & KA Hill Pty Ltd, existing operator of Hilly's IGA St Helens & operator of Hilly's IGA St Marys until 15 August 2022.





MARK COLSON – *TIR Board Member Director*

Mark Colson joined the board as a member director in November 2015.

Experience: Mr Colson is a director M & L Colson Investments Pty Ltd, existing operator of IGA Norwood.



KEMUEL WOOD – *TIR Board Member Director*

Kemuel Wood joined the board as a member director in November 2021.

Experience: Mr Wood is a director of Casmek Investments Pty Ltd, existing operator of Bay of Fires IGA St Helens.





2022 TASMANIAN IGA AWARDS OF EXCELLENCE

The Tasmanian IGA Awards of Excellence Dinner was held at Wrest Point in Hobart on Friday, 06 May 2022.



IGA Ambassador Mr Shane Jacobson, one of Australia's leading stage and screen personalities, hosted this fabulous evening's event. It was attended by over 250 delegates from our IGA Member Network and their staff, Supplier Partners and TIR / IFP & SIW Team Members.

The night was full of celebrations of the many IGA achievements over the past year, coupled with announcing our Awards of Excellence Winners for 2022. Shane was a perfect fit as our MC, providing laughs and witty compliments throughout the proceedings.

This year we acknowledged our suppliers with Joel Zamek, TIR Head of Merchandising, presenting three Supplier of the Year awards, including the Overall Supplier of the Year to Smiths Snackfoods, accepted by a delighted Greg Watson, Senior Account Manager PepsiCo ANZ.

One of the night's highlights was when Shane Jacobson interviewed Leedham and Judith Walker from Flinders Island, our 2022 Sam Richardson Award winners. The Walkers have been TIR members for over 38 years. The

Walkers' story actually started around the 1900s, so it was a story unlike many others and showed how deep they feel for their community and their community of them. Shane and the audience were enthralled with their fascinating story, and afterwards, Shane said it was one of the most remarkable moments on stage for him in his career.

As the evening progressed, it came time to announce the overall State Stores of The Year, and the award winners were:

- **2022 IGA X-Press Store of The Year** - IGA Xpress West Hobart Hill Street Grocer
- **2022 IGA Medium Format Store of The Year** - IGA Sandy Bay Hill Street Grocer
- **2022 IGA Large Format Store of The Year** - IGA Bay of Fires, St Helens.

TIR congratulates all IGA Retailers across our network on their achievements and successes over the past 12 months. We also acknowledge and congratulate all nominees and the ultimate winners of each category.

FULL LIST OF WINNERS

| AWARD | WINNER |
|--|---|
| Supplier Awards | |
| Retail Development Supplier of The Year | UNOX |
| Tasmanian Supplier of The Year | Cripps |
| Overall Supplier of The Year | Smith's Snackfoods |
| Retailer Awards | |
| IGA Large Format Deli Department | IGA Devonport (Hill St Grocer) |
| IGA Medium Format Deli Department | IGA Sandy Bay (Hill St Grocer) |
| IGA Large Format Meat Department | IGA Longford (Hill St Grocer) |
| IGA Medium Format Meat Department | IGA Sandy Bay (Hill St Grocer) |
| IGA Large Format Bakery Department | IGA St Helens Bay of Fires |
| IGA Medium Format Bakery Department | IGA Sandy Bay (Hill St Grocer) |
| IGA Large Format Fresh Produce Department | IGA St Helens Bay of Fires |
| IGA Medium Format Fresh Produce Department | IGA Sandy Bay (Hill St Grocer) |
| IGA X-Press Fresh Store of The Year | IGA X-Press West Hobart (Hill St Grocer) |
| IGA Large Format Grocery / GM Department | IGA Prospect Baxters |
| IGA Medium Format Grocery / GM Department | IGA Bridport |
| IGA Large Format Dairy / Freezer Department | IGA Prospect Baxters |
| IGA Medium Format Dairy / Freezer Department | IGA Sandy Bay (Hill St Grocer) |
| IGA Customer Service & Experience Award | IGA Prospect Baxters |
| IGA Rising Star Award | Penny Thirlwell (IGA X-Press Nubeena Seabreeze) |
| Sam Richardson Award | The Walker Family (IGA X-Press Flinders Island) |
| IGA X-Press Store of The Year | IGA X-Press West Hobart (Hill St Grocer) |
| IGA Medium Format Store of The Year | IGA Sandy Bay (Hill St Grocer) |
| IGA Large Format Store of The Year | IGA Bay of Fires, St Helens |



IGA Sandy Bay (Hill St Grocer)
Staff 1- Clare Rohjan, Staff 2- Lucy Jacques,
Staff 3 – Euan Wiseman



The Walker Family (IGA X-Press Flinders Island)
Leedham Walker and Judy Walker



IGA Bay Of Fires, St Helens,
Staff 1- Sam MacAlister, Staff 2- Nathan Charles,
Staff 3- Jill Walker, Staff 4 – Kemuel Wood,
Staff 5 – Cassey Wood



IGA X-Press West Hobart (Hill St Grocer)
Staff 1- Kristy Blowfield, Staff 2- Sylvia Giamos,
Staff 3 – Omiros Poliketriss



THE SAM RICHARDSON PERPETUAL AWARD

In 2006, the Sam Richardson Perpetual Award was established to recognise the highest commitment to the independent grocery sector, community, and of course, their customers.

This award also acknowledges their longevity in the industry and reflects their contribution to the essential values of all independent grocers.

The Sam Richardson Perpetual Award for 2022 went to the Walker Family of IGA Xpress Flinders Island.

When you have a main street and a scenic lookout named after your family's name, you know that you are part of the fabric of that location... for the Walkers, this is Flinders Island.

THE EARLY DAYS

The Walker journey on Flinders Island dates all the way back to 1900's, when Harold Jeff Walker took up the land immediately adjacent to the spot (the white mark) where people from the outlying areas came to cut wood and where Harold built the first store in conjunction with his house, selling everything from boots to mining suppliers to groceries.

Around 1912-13, Harold Walker built a larger new general store on the corner of Robert and Walker Streets. He also became the Postmaster, and the Post Office was established in this building.

During this period also, the morse code radio station was built at Settlement Point. It was for the transmission of morse code messages, and the people of Flinders Island were permitted to send telegrams for two shillings for 16 words and a penny halfpenny for each additional word. It was during this early period when Harold was Postmaster, the name White Mark was joined together to make Whitemark. When sending a telegram, the name and address of the sender had to be included, and by making Whitemark one word, it only cost a penny halfpenny instead of threepence. Harold died suddenly, aged 40, leaving his wife with six children under 17. The farm, shop and other businesses were sold.

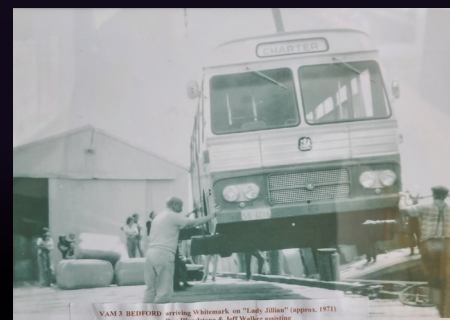
FAST FORWARD A GENERATION

Harold's eldest son, Leedham Charles Walker (Senior) saw a lot of changes in his 90 plus years.

Early one morning as a youngster, Leedham Senior witnessed a Mr Smith of North East River gallop into the yard at Whitemark on a large white horse. Leedham's father, Harold Walker had just recently issued the first ever written accounts on Flinders, from his shop in Whitemark. Mr Smith was very angry and offended. Shaking the document, he said "Walker, I always know what I owe and don't need to be told: especially on paper." He would not dismount for a cup of tea and headed straight back to North East River.



Leedham Senior was originally a builder and when times were hard during the depression, he opened another shop, selling timber and



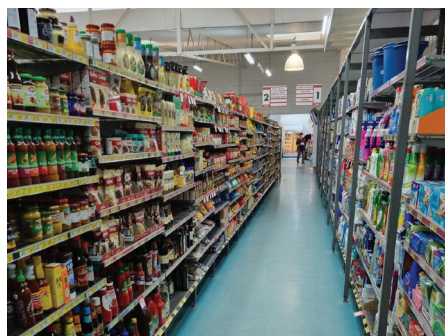
building products, and eventually other items including groceries. This shop was located just outside the township.

Leedham Senior was very progressive over his 90 years and was instrumental in establishing many services on the Island, from shipping to airlines to bus services. So much so, that in 1996, Leedham Senior was recognised in the Queens Australia Birthday honours roll and subsequently awarded an OAM for services to the community of Flinders Island, particularly in the establishment of a shipping service, and to local government, retailing and the building industry.

Leedham Senior and his wife, Thelma brought up 4 children and after leaving the island for school and work, the two eldest, Kenneth and Leedham John came back to help out in the business in the early 1960's.

From here, the eldest sons helped build a new supermarket in the heart of the township of Whitemark with groceries on one side of the building and a garage and fuel services on the other side. In the 1980's, Kenneth decided to exit the business and sold to Leedham and his wife Judy. It was around this time that they became members of the Cooperative. As time progressed, the garage was closed

and the fuel relocated, with the entire building being devoted to supermarket retailing. Leedham, being an avid pilot, would fly over to Gippsland, Melbourne to pick up fresh supplies for the folks of Flinders Island, ensuring that the community didn't go without! Leedham did this trip several times each week for over 22 years!



Leedham and Judy have now retired from the business, however, it's hard to keep a good man down and Leedham can still be seen helping out and around the store, performing daily rubbish tip runs, airport delivery pickups and at 83 years of age, is still known to get up on the back of the truck to help unload the goods.

Today the business is run as a company by the 4 children of Leedham and Judy and is managed by their daughter,

Sally, who is just as passionate about retailing, as her parents were. The store has gone through a mini transformation with the installation of new coolrooms, fridge/freezers and fresh area to provide their community with a greater shopping experience. Sally is very much community focused and is more than willing to support the local school, and community groups when called upon.

I think we could say that the Walkers are one of the leading and most open-minded pioneers of Flinders Island. They are also one of our longest serving members of Tasmanian Independent Retailers - since 1983 (39 years), and we are glad to call them our 2022 Sam Richardson Award recipient.

Congratulations to the Walker family!





tasmanian
independent
retailers

25 YEAR CLUB

Celebrating the many individuals that have surpassed the 25-year milestone and contributed to the ongoing success of independent grocery retailing within Tasmania.

The TIR 25 Year Club has been established to honour and recognize the collective efforts of the many individuals that have surpassed the 25-year milestone in supporting TIR either as a member retailer or an employee. Collectively they have contributed to the ongoing success and viability of our Cooperative and independent grocery retailing within Tasmania.

The inaugural TIR 25 Year Club Inductee Function coincided with the IGA Awards of Excellence & Gala Dinner Evening held in Hobart at the Wrest Point Casino in May 2022.

Grant Hinchcliffe, TIR CEO, introduced the first inductees into the TIR 25 Year Club and presented all with a special recognition certificate. The collective tenure of these 54 inductees, being both individual and partners, amounts to 975 years. The inductees are represented by current and former members & retailers and TIR employees.

Grant advised on a sad note that two inductees have unfortunately passed: Max Freeland (DEC) from Exeter and Steve Tzortis (DEC) from Richmond. Grant proceeded to share highlights from his association with these former members and acknowledged their contributions to independent grocery retailing in Tasmania and their induction into the 25 Year Club.

In closing, Grant congratulated all inductees for 2022 and advised that there will be a separate 25 Year Club event planned for early 2023, with subsequent annual events to follow.



Jim & Judy Morris



Warren & Chris Croome

FULL LIST OF 25 YEAR CLUB INDUCTEES

| STATUS | STORE / LOCATION | INDUCTEE NAME | YEARS OF TENURE |
|--------------------|----------------------------------|---|-----------------|
| Retailer - Current | Newnham | Ken & Paddy Boland | 42 |
| Retailer - Current | Beaconsfield (Wilke's) | David & Gundi Wilkes | 41 |
| Retailer - Current | Cygnets | Michael & Sadi Farah | 40 |
| Retailer - Former | Exeter | Max (Dec) & Winsome Freeland | 40 |
| Retailer - Current | Flinders Island (Walker's) | Leedham & Judith Walker | 38 |
| Retailer - Former | Westbury / Shearwater | Michael & Karen Baxter | 38 |
| Retailer - Current | Rosebery | Brian & Lucille Macreadie | 35 |
| Retailer - Current | Wynyard (West End) | Deryl & Fiona Dowling | 34 |
| Retailer - Former | Richmond | Steve (Dec) Tzortis | 34 |
| Retailer - Current | Penguin (Debrands) | Hank & Trudy Brandsma | 33 |
| Retailer - Former | Oatlands | Warren & Chris Croome | 33 |
| Retailer - Current | Brougham Street (Launceston) | Phil & Elizabeth McMullen | 31 |
| Retailer - Current | Rokeby | Jim (Dimitrios) & Niki & Alex Exarhakos | 30 |
| Staff - Current | TIR Staff | Grant Hinchcliffe | 30 |
| Retailer - Current | Swansea (Morris) | Jim & Judy Morris | 29 |
| Retailer - Former | Trevallyn / Youngtown | Ted & Fulvia French | 29 |
| Retailer - Current | Queenstown | Phil & Carmel Evans | 28 |
| Staff - Former | TIR Staff | Sandra Farrelly | 28 |
| Retailer - Former | Latrobe | Stuart & Brenda Ritchie | 27 |
| Staff - Current | TIR Staff | Troy Price | 27 |
| Retailer - Current | Bicheno | Peter & Lyn Aulich | 26 |
| Retailer - Current | Lindisfarne | Brett & Anne Marree Mackay | 26 |
| Retailer - Current | West Hobart (Hill Street Grocer) | Marco & Dianna Nikitaras | 26 |
| Retailer - Former | Scottsdale | Tony & Wendy Brooks | 26 |
| Staff - Current | TIR Staff | Danny Butler | 26 |
| Staff - Current | TIR Staff | Jamie Butler | 26 |
| Staff - Current | TIR Staff | Val Cooper | 26 |
| Staff - Current | TIR Staff | Kylie Dell | 26 |
| Staff - Current | TIR Staff | Michelle Ryan | 26 |
| Retailer - Former | Latrobe | Garth & Helen Wells | 25 |
| Staff - Former | TIR Staff | Lyn Taylor | 25 |
| Staff - Current | TIR Staff | Darren Russell | 25 |



**STATEWIDE
INDEPENDENT
WHOLESALEERS**



3.28%



**SALES
INCREASE**

PAUL GRAHAM – Chairman SIW Board of Directors

SIW TRADING OVERVIEW AND FINANCIAL REPORT

On behalf of the Board of Directors and management of Statewide Independent Wholesalers, I am pleased to present the Company's Annual Report for the year ended 26 June 2022, which outlines our progress and achievements for the year.

Following the challenges of FY21, the FY22 year has been one of stabilisation and returning to a strong operating rhythm; however, difficulties were still experienced in the areas of stock supply, team member recruitment and retention and the critical replacement of our ERP system. I want to commend the team for their resilience and perseverance to keep things on track and ensure any impact to our customers was minimised.

Notable initiatives during the year have included:

- Launch of our new engagement program called MyLife to drive and enhance our safety & people culture.
- Introduction of our Continuous Improvement training program.
- Commencement of our Frontline Leadership program.

We have also continued to progress with replacing our ERP system with Pronto. However, vendor resourcing issues have impacted timelines, and the go-live has now been delayed until FY23.

With COVID-19 still prevalent, our priority has continued to be the health and safety of our people and local communities. We continue to apply a wide range of precautionary measures throughout the business to keep people safe and help minimise disruptions to our operations.

Our results reflect the economic climate, volatility in the labour market and the steps we have taken to invest in our team and ongoing success. For the year, we achieved an after-tax profit of \$820,875. Revenue continued to grow with a 3.3% increase over the financial year 2021. This result reflects a solid operational performance, and our financial position remains strong.

The new financial year will see continued focus on consolidation and re-alignment to ensure our safety and team culture continues to mature so the business can provide end to end value to our customers. We will continue our journey with MyLife, Continuous Improvement, team engagement and digitisation and integration of systems.

We will also see the departure of our General Manager, Drew Freeman, after a number of years leading SIW in very challenging times. On behalf of the company, I would like to thank Drew for his commitment and focus on our people and customers. We are well advanced on the recruitment process and will update all stakeholders in due course.

Thank you to my Board colleagues, the leadership team and our people for continuing to work safely and supporting our company in “delivering the goods” to our customers. The Board remains confident about the company's prospects and is looking forward to another successful year.

\$1.285 BILLION

FY22

\$1.244 BILLION

FY21



| DETAILS | FY22 52 weeks | FY21 52 weeks | \$ Variance | % Variance |
|--------------------------------|-------------------|-------------------|----------------|------------|
| Sales | \$1,284,697,045 | \$1,243,941,281 | \$40,755,764 | 3.28% |
| Cost of Sales | (\$1,222,215,985) | (\$1,186,285,299) | (\$35,930,686) | 3.03% |
| Other Revenue | \$12,576,564 | \$12,263,741 | \$312,823 | 2.55% |
| Distribution Expenses | (\$62,536,844) | (\$57,516,798) | (\$5,020,046) | 8.73% |
| Occupancy Costs | (\$757,285) | (\$580,932) | (\$176,353) | 30.36% |
| Administration Expenses | (\$4,840,532) | (\$4,395,382) | (\$445,150) | 10.13% |
| Financial Costs | (\$7,032,345) | (\$7,149,661) | \$117,316 | (1.64%) |
| Financial Income | \$1,282,061 | \$944,725 | \$337,336 | 35.71% |
| Net Profit - Pre Tax | \$1,172,679 | \$1,221,675 | (\$48,996) | (4.01%) |
| Income Tax Expense | (\$351,804) | (\$302,240) | (\$49,564) | 16.40% |
| Net Profit - Post tax | \$820,875 | \$919,435 | (\$98,560) | (10.72%) |



✍ **GLENN SULLIVAN** – Head of Island Fresh Produce

ISLAND FRESH PRODUCE ANNUAL REPORT

THE YEAR IN REVIEW

It would be a huge understatement to say that the past 12 months hasn't been one of the most challenging on record in the fresh produce industry. Rain, rain and more rain along with staff shortages (Covid), supply chain disruptions and the ever-increasing price of fuel and associated fuel levies just to name a few. My first 15 months in the role as Head of IFP has not been boring that's for sure!

This past year has seen many changes within the IFP business, namely a new warehouse restructure to further improve efficiencies and customer service, the closure of our cross-dock facility in Hobart that was no longer fit for purpose (and end of lease) and our focus to source a more direct supply lines from the mainland to secure the best possible deals to drive traffic into our member stores. Whilst we have had many successes, sourcing the best mainland direct pathways is still a work in progress which will be the cornerstone of our product strategy going forward.

PRODUCT

One of the biggest challenges has been around the Mainland V Local price argument. Our locally sourced produce hovers between 35-55% of our total purchases depending on the season (over 50% in the warmer months) and this is something that we are very proud of. Continuing to support local farmers and selling local Tasmanian produce is a critical factor in the IGA success story, however buying local generally does come at a higher cost than the mainland equivalent. We will continue to work with the members to better understand what you and your customers want and how best to deliver that.

PEOPLE

On the back of our state-wide store visits last year, Mark Parkin was promoted to the role of IFP fresh consultant based in the field, providing that direct conduit between the member stores and IFP. Mark has thrived in the role and has added incredible value across the state and will continue to drive outstanding service and communication for the member network.

PROCESS

The next 12 months will be a very busy one at IFP with the investment into new state of the art banana ripening rooms and the implementation of a new ERP (Enterprise Resource Planning) system.

Our banana rooms are extremely old technology, inefficient with constant breakdowns and the transition to a new waterless system will put IFP at the forefront of banana ripening in Tasmania and thus give us the best chance for consistently great bananas.....something I know every member is so passionate about!

By investing in these technologies, IFP will be best place to drive sales and to futureproof the business for many years to come.

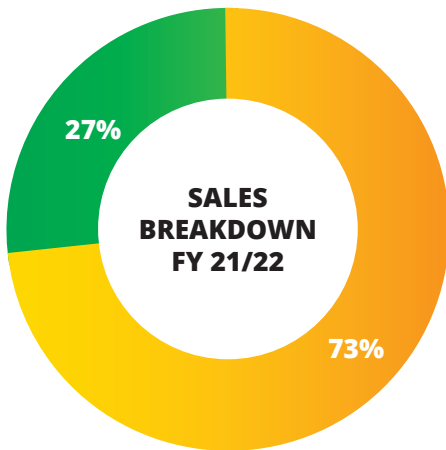
SALES

\$30,311,534

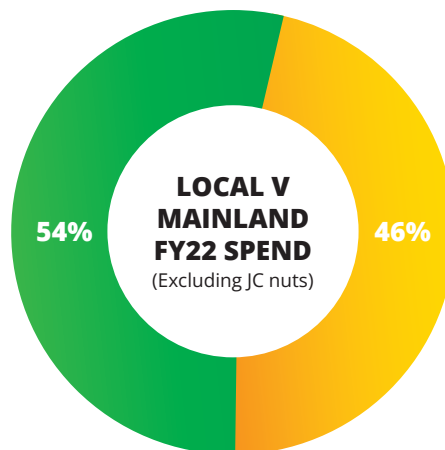
FY22

\$27,649,492

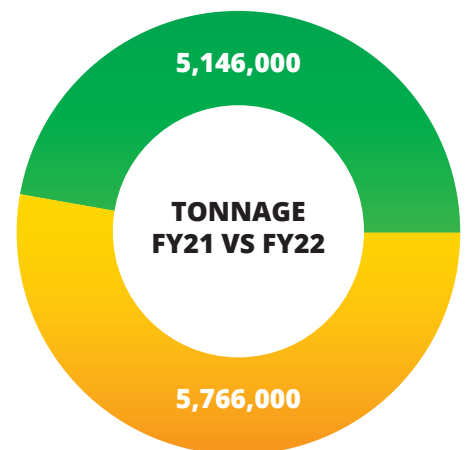
FY21



Members Other



Local Mainland



FY21 FY22



GROUP FINANCIAL PERFORMANCE

| | |
|---------------------------------------|----|
| TIR Group Purchases | 29 |
| Financial Performance – 5 Year Trends | 30 |
| Financial Performance – Revenue | 31 |
| Financial Performance – Expenditure | 32 |
| Member Rebate Distributions – PIP | 34 |
| Member Rebate Distributions – EDF | 35 |



TOTAL
PURCHASES
GROWTH



\$407,246,620
TOTAL \$ PURCHASES
TOTAL VALUE

\$17,164,307
TOTAL \$ PURCHASES
INCREASE VALUE

TIR GROUP PURCHASES

TIR group purchases showed continued growth in FY22, with overall purchases up 4.40% or \$17.16m.

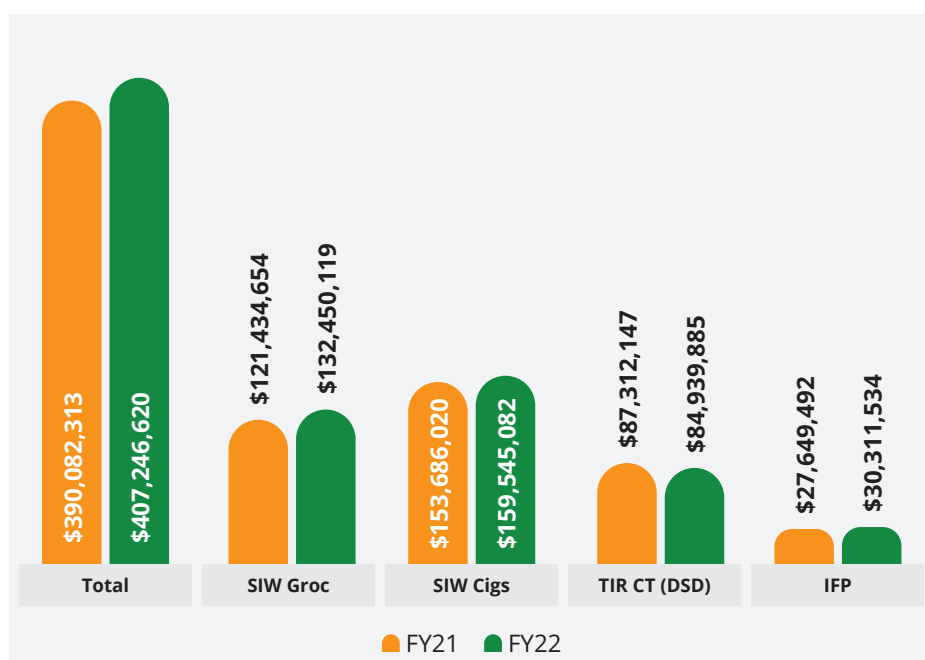
Grocery purchases via SIW (excluding cigarettes and tobacco) saw an increase of 9.07% or \$11.02m. Whilst some of this can be attributed to inflation, the growth in volume of 6.21% is an indicator that independent supermarkets are continuing to trade well in the Tasmanian market.

Cigarette and tobacco purchases recorded a modest uplift of 3.81% or \$5.86m. Volume grew 3.16%. As the inflation rate for the year is much higher than the variance between volume and dollar purchases (0.65%), it may indicate purchasers are looking for value in this market and choosing lower cost options.

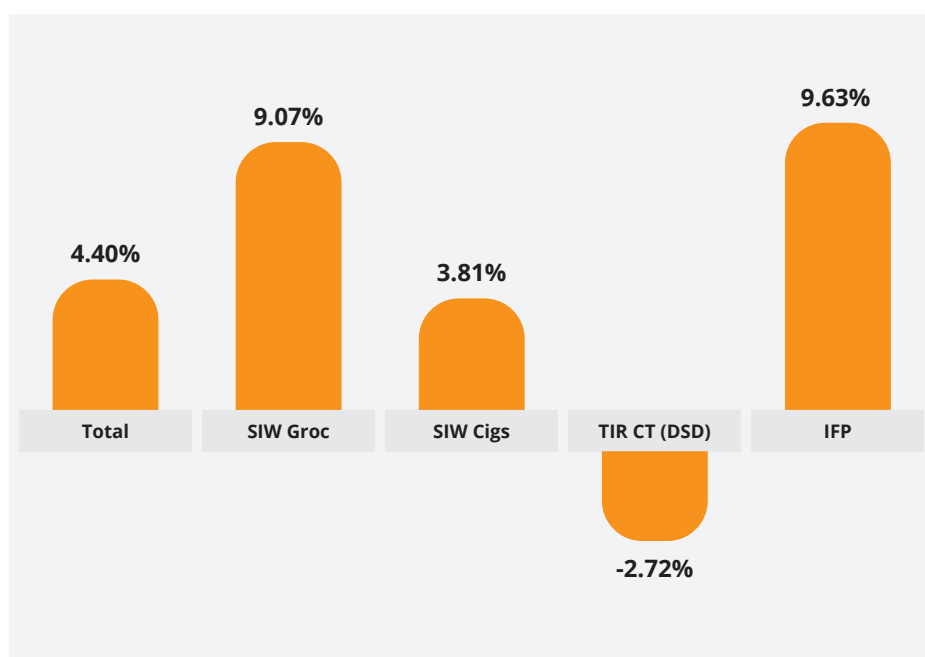
Charge through purchases contracted -2.72% or -\$2.37m for the year. The reduction was due to some stores discontinuing charge through and paying suppliers directly, rather than an overall reduction in direct to store purchases by group members.

Island Fresh Produce purchases increased by 9.63%, an impressive result given significant pricing reductions to members during the year / late in FY21. Overall volume (tonnage) for IFP was up 12.04% for the year.

GROUP PURCHASES FY22 DOLLAR VALUE



GROUP PURCHASES FY22 GROWTH %



OVERVIEW

9.01%

AVERAGE ANNUAL MEMBER
PURCHASE GROWTH (2018-2022)

SUMMARY

41.18% TOTAL PURCHASES 5 YEAR TREND

51.59% INCOME 5 YEAR TREND

55.78% EXPENSES 5 YEAR TREND

217.12% PROFIT BEFORE TAX 5 YEAR TREND *exc SIW*

FINANCIAL PERFORMANCE

5 YEAR TRENDS

Strong growth over the last five years reveals that independent member supermarkets in Tasmania are holding their market share.

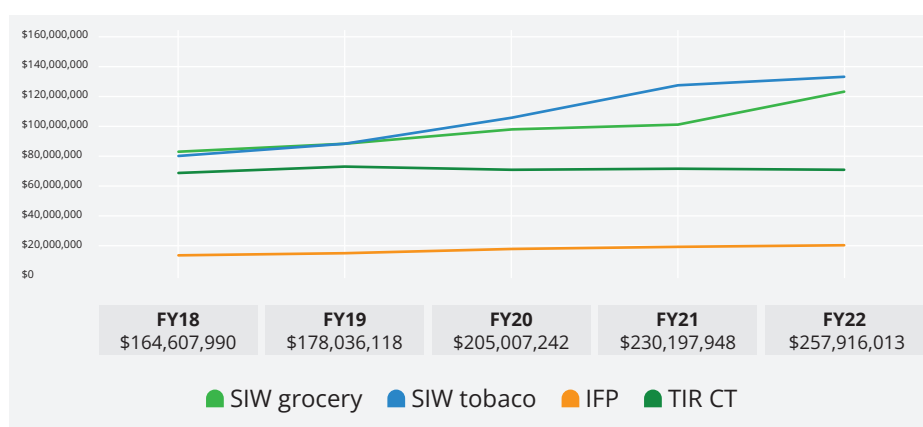
Member purchases have grown an incredible 41.18% over the last five years. Growth has been consistent year-on-year, with an average (mean) annual rate of 9.01%. The mean inflation rate for the same period totaled 2.66%.

Whilst current year growth of 8.78% is in-line with the five-year average, inflation of 6.10% for FY22 is significantly higher than the prior years; true growth for FY22 was lower than previous periods. It is likely that inflationary pressures are impacting consumer habits. TIR believes the economic environment will continue to impact growth moving forward.

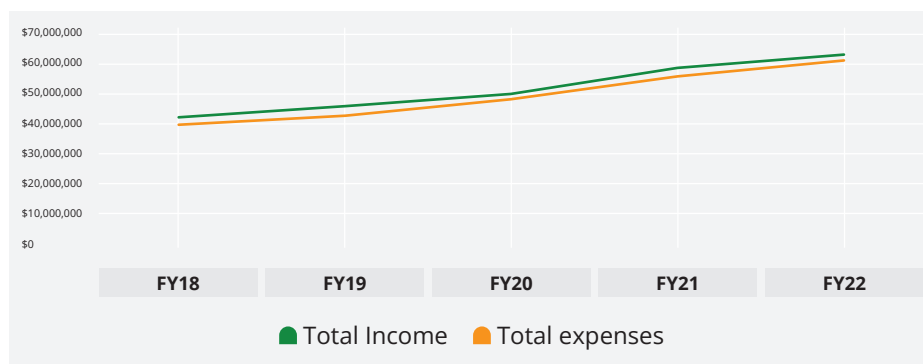
Total income and total expenditure have seen consistent increases over the five-year period, with strong correlation between the two.

Profit trends for the five-year period have varied. Significant volatility in the fair value of investments has contributed to this. The contribution from SIW has diminished over the course of the five-years due to deliberate actions to keep prices as low as possible. Similarly, profit for IFP has reduced due to deliberate margin reductions for TIR members at the end of FY21 and into FY22.

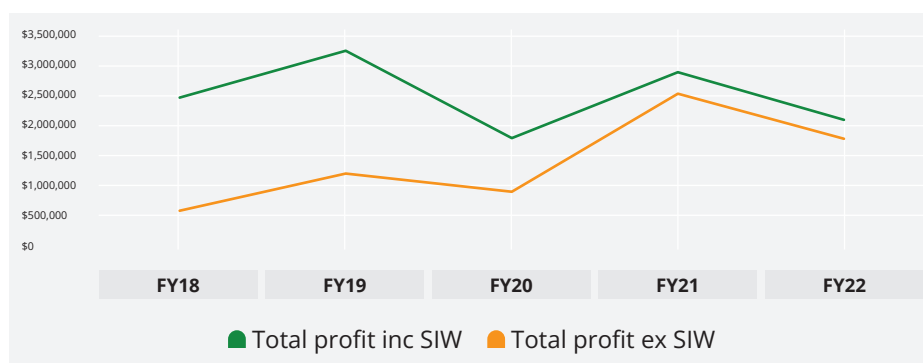
5 YEAR MEMBER PURCHASES



5 YEAR TOTAL INCOME AND TOTAL EXPENSES



5 YEAR PROFIT BEFORE TAX



*Member Purchase indicates IGA Brighton

7.84%  TOTAL REVENUE GROWTHTOTAL REVENUE VALUE **\$63,747,957***Not in charts due to size of impact*

FINANCIAL PERFORMANCE

REVENUE

FY22 saw a 7.84% increase in total revenue.

Combined sales via IFP, IGA Brighton, and TIR retail operations grew by 8.73% to \$43.00m. This growth was achieved despite significant margin reductions on sales to members in the IFP business.

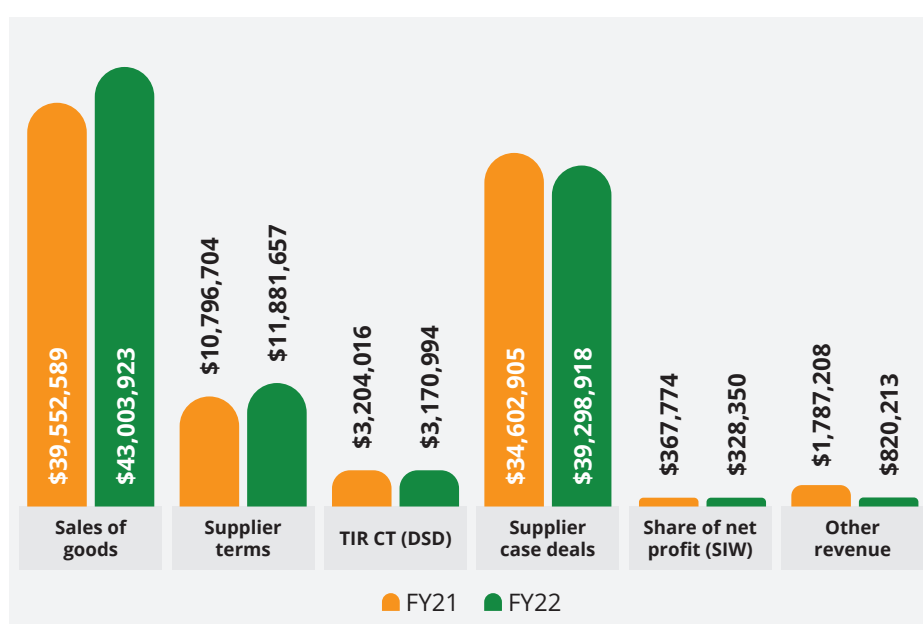
Supplier terms revenue increased by 10.05% or \$1.08m due to increased purchase volume via the SIW warehouse.

Charge through revenue contracted 1.03% to \$3.17m. This reduction was due to some stores discontinuing charge through and paying suppliers directly, rather than an overall reduction in direct to store purchases by group members or a change in terms.

Supplier case allowance revenue grew by \$4.70m to \$39.30m, representing a 13.57% increase on FY21. This can be attributed to increased purchase volume through SIW and continued supplier support with regards to IGA promotional activity as negotiated by TIR.

Other revenue reduced by \$0.97m when compared to FY21. This reduction is due to a negative change in fair value of investments (unrealized) as opposed to a gain in FY21. The impact of this was partially offset by gains on disposal of non-current assets and an increase in conference income.

2022 REVENUE



FY22 REVENUE GROWTH/(DECLINE)



**Other revenue not in growth/(decline) cart due to size of impact*

9.67%  TOTAL EXPENDITURE GROWTHTOTAL EXPENDITURE VALUE **\$61,639,230**

FINANCIAL PERFORMANCE

EXPENDITURE

FY22 saw an increase in total expenditure of 9.67%.

IFP, IGA Brighton, and TIR retail operations combined cost of goods sold increased by \$3.56m or 11.40% to \$34.76m. This increase was primarily due to an increase in volume. Cost of goods sold increased at a higher rate relative to sales due to deliberate margin reductions on IFP products to member stores.

Case subsidy and price support expenditure increased by \$5.05m or 14.37% to \$40.16m. The increased expenditure is due to the flow through of additional supplier support, and additional top-up funding provided by the co-operative to deliver better pricing and margin outcomes for members.

Employee benefits expense increased by \$1.42m or 18.27% to \$9.17m. Multiple factors contributed to this increase: -

- Increase in wages in the IFP business due to:
 - Increase in volume of 12.04%
 - Increased absenteeism due to covid
 - Increased headcount in line with the operations covid plan
 - Once-off redundancies associated with the closure of the Hobart cross-dock facility
 - Costs associated with extended leave for Ian Heyburn
 - Pay increases and an increase in the superannuation guarantee rate

- Increase in wages in the Brighton IGA business due to:

- Increase in sales of 9.54%
- Staffing difficulties arising after the termination of a duty manager
- Increased absenteeism due to covid
- Increased headcount in-line with the operations covid plan
- Pay increases and an increase in the superannuation guarantee rate

- Increase in wages in TIR corporate operations due to:

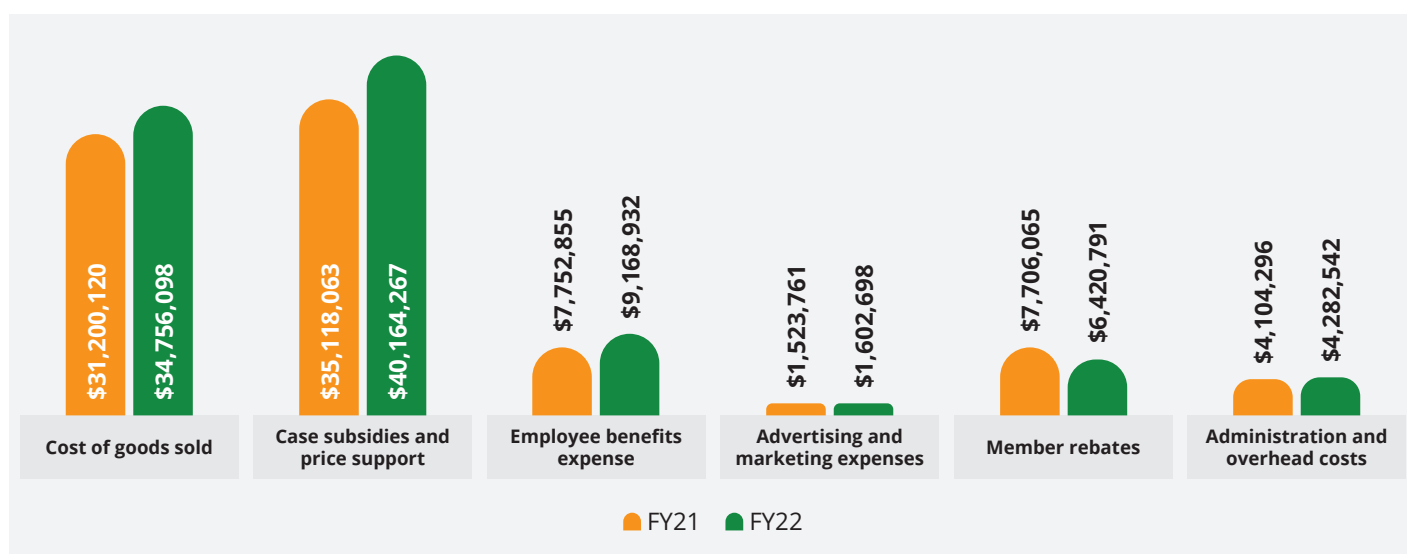
- Period of duplication in Head of Merchandising and Supplier Engagement to enable handover
- Period of duplication in the Head of IT / IT Specialist position to enable handover
- Addition of Head of Member Operations position
- Increased period with a Head of SHE / Safety, Health, and Environment Specialist
- Pay increases and an increase in the superannuation guarantee rate

Advertising and marketing expenses increased 5.18% to \$1.60m, due to minor increases in advertising activity and increased costs due to inflation.

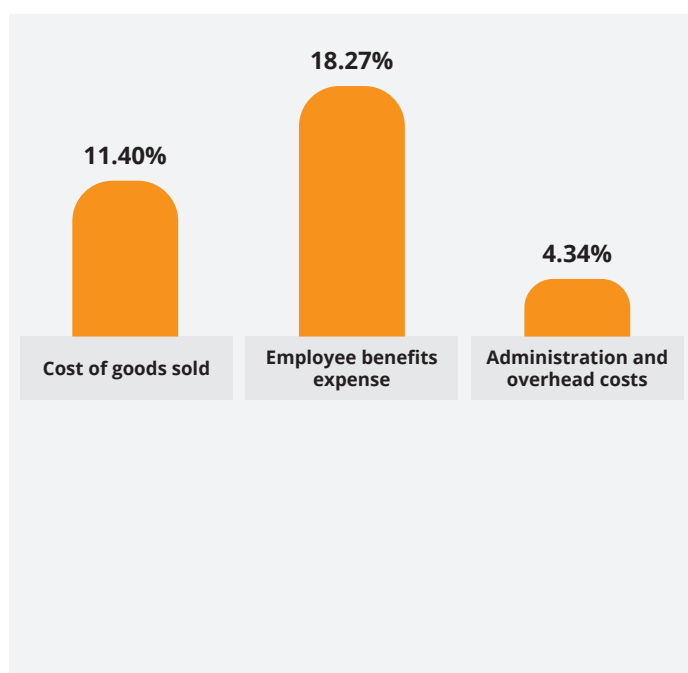
Administration and overhead costs increased by 4.34% to \$4.28m, indicating costs are continuing to be managed given inflation for the year totaled 6.1%.

Member rebates (PIP and EDF) decreased by 16.68% or \$1.29m. No special distribution was paid from SIW, and the rebate payout ratios were not increased above the base rate as they were in FY21. The reduction in rebates should be considered in conjunction with the increased case subsidy and price support expenditure and reduced margins on member sales from the IFP business. TIR has taken a conservative approach to rebate policy to ensure the co-operative has the financial resources to continue to support members in uncertain economic times.

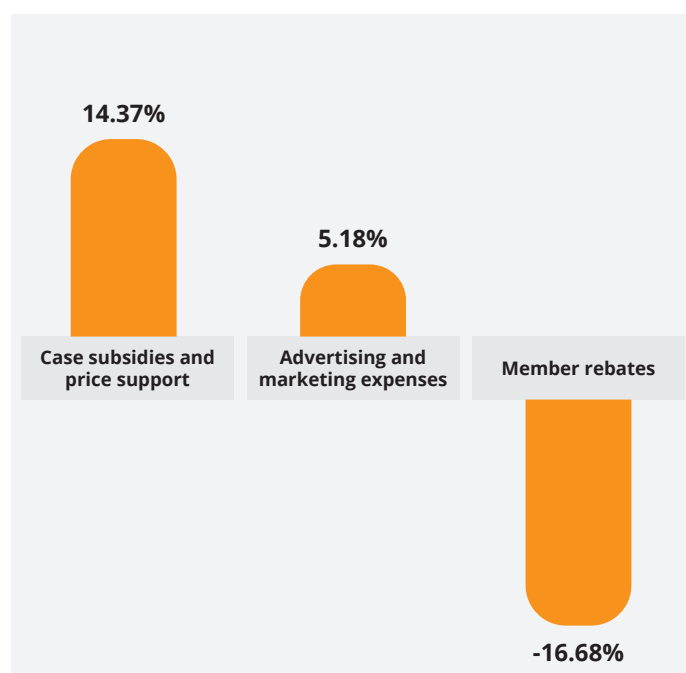
EXPENDITURE



CHANGE IN GENERAL EXPENDITURE



CHANGE IN MEMBER BENEFIT EXPENDITURE



\$5,428,167

TOTAL PIP
PAYOUT VALUE

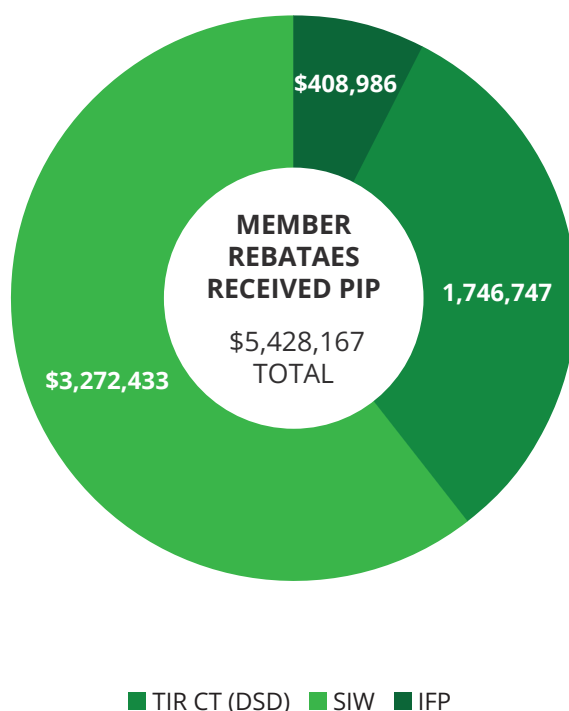
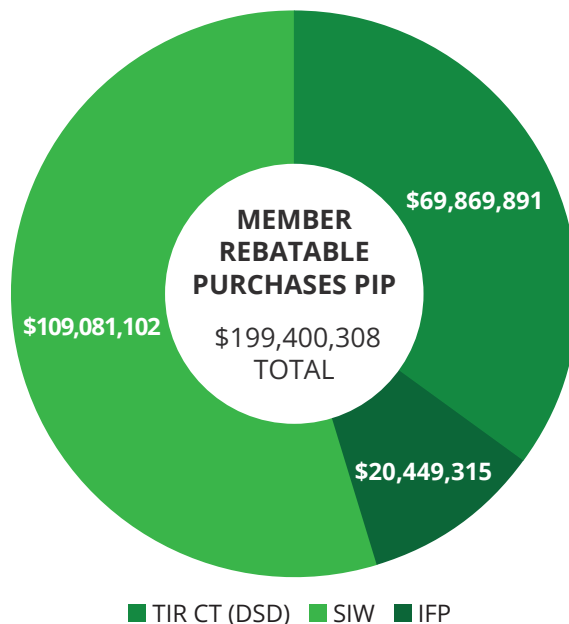
MEMBER REBATE PURCHASE INCENTIVE PAYMENT

Purchase Incentive Payments of \$5.43m were distributed to members during FY22. This represents a 12.43% decrease on FY21 (FY21 saw an increase of 12.93% on FY20).

FY21 included an additional PIP rebate of 0.75% on all rebatable purchases via SIW. This was not paid in FY22, with the PIP rebate ratio returning to the same rate as FY19.

FY21 also included a special distribution from SIW which was not paid to TIR, and in turn members. This made up \$0.300M of the \$0.771M reduction in FY22.

Additional benefits were provided to members during the financial year in lieu of the increased rebates. These included reduced member pricing in the IFP business and an increase in case subsidies and price support.



\$992,624

TOTAL EDF ALLOCATIONS

\$986,049

TOTAL EDF DISTRIBUTIONS PAID

MEMBER REBATE EQUIPMENT DEVELOPMENT FUND

Equipment Development Fund allocation of \$0.99m for FY22 represents 0.5% of SIW Grocery, TIR Charge Through, and IFP member purchases.

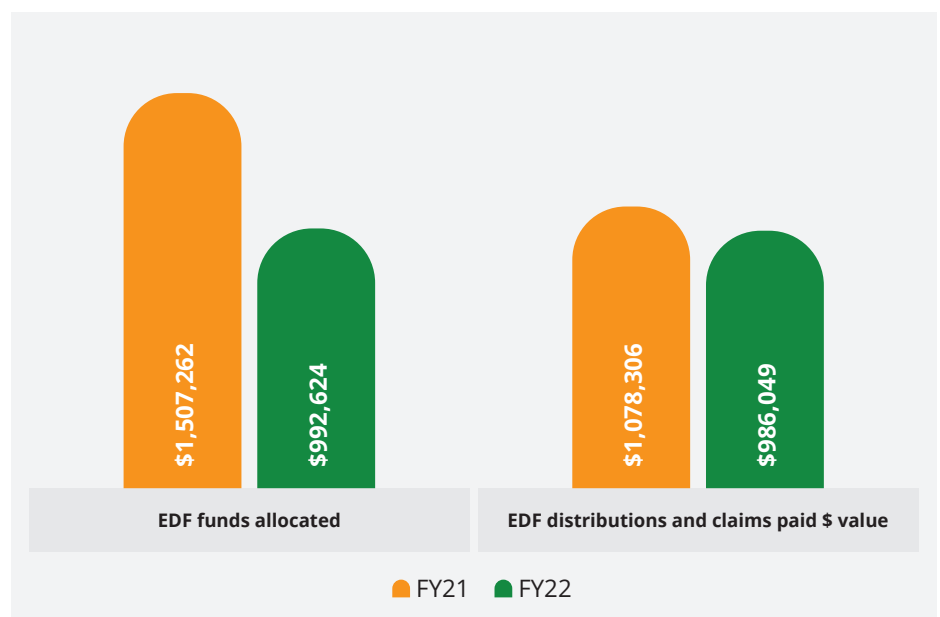
The EDF allocation reduced by \$0.51m on FY21, as the rebate rate reduced from 0.75%. The rebate rate returned to the same ration as FY20.

A total of 200 distributions were made during the year, with a combined value of \$0.99m.

Funds distributed are reflected in ongoing store improvements and customer offering which help members drive sales, operate more efficiently, and in-turn improve profitability.

Since the inception of the EDF in 2007 over \$14 million has been allocated to the fund and over \$12.9 million distributed to members.

MEMBER REBATE DISTRIBUTION -EDF



MEMBER SERVICES

 **RICHARD OLIVER** – Head of TIR Member Operations

OPERATIONAL EXCELLENCE PROGRAM (OEP)

The IGA Operational Excellence Program (OEP) continues to assist members in driving the highest possible standards across their business for an improved customer shopping experience.

TIR aims to complete three OEP audits between January – October, with the goal for members to achieve a minimum score of 95% each cycle. The OEP consists of three tiers: Silver, Gold and Platinum and each level must be surpassed and maintained to move up tiers.

During the reporting period, TIR completed three full cycles of audits across the group between July 21 – June 22, with a total of 267 audits being conducted.

As a network, we achieved an average score of 94.97% for the full year, with eight member stores (stores) achieving or maintaining gold status, 43 stores achieving or maintaining Silver, with remaining stores yet to acquire a rating (Developing status). TIR is dedicated to ongoing member store engagement in supporting to drive improved operational excellence in stores, every day.

Congratulations to our Gold and Silver members for their efforts and continued focus on operational excellence.

FOOD SAFETY AUDIT (FSA)

The Food Safety Audit (FSA) supports members in identifying potential hazards and assists in complying with specific food safety practices and standards codes.

At minimum, Food Safety Audits are conducted annually but can be as much as monthly if members fail to achieve a minimum result of 85%.

During the reporting period, TIR completed two rounds of audits during October/September 2021 and February/March 2022, with a total of 170 audits completed.

As a group, we had an average score of 92.4% achieved for the full year with two member stores (stores) achieving full compliance of 100%, 68 stores above 85% and eight stores below 85%. TIR intends to collaborate with all member stores to maintain or improve their rating over the next twelve months.

Congratulations to all members who achieved an audit score of 85% or more.

IGA TRAINING ACADEMY

IGA Training Academy provides members with access to online training tools to assist with onboarding new or upskilling existing staff members in retail best practices.

As of June 30, we have sixty-eight member stores registered with over 500 team members accessing the training portal in the last 12 months to help drive positive learning outcomes.

IGA GIFT CARDS

IGA Gift cards continue to perform well and provide our customers with another in-store gift option. For the twelve-month period, 2,700 cards were sold across sixty member stores, generating \$175,000 in sales, representing a sales increase of 78% over FY21, with July, November and December being the best months for sales.

Operational
Excellence Program

94.9%

Average
member score

Food Safety
Audit

92.4%

Average
member score

IGA Training
Academy

500

team members
accessing
platform

IGA Gift
Cards

\$175,000

in gift cards sales
through member
stores



MEMBER DEVELOPMENT

Store Improvements

During the reporting period, the TIR team worked with over twenty-three member stores to provide significant redevelopment support including store range reviews and relays, upgrading existing shelving systems and/or the installation and new refrigeration cases.

TIR also assisted with the setup of two new stores in the network, IGA Xpress Salamanca Fresh Bellerive and IGA Xpress Sandy Bay Baxter's. We welcome both member stores to the IGA network.



Store Signage

External store signage upgrades were completed in eight member stores, with two stores also painting their exterior, and six member stores upgrading internal signage to IGA National specifications to enhance and bring another level of shopping experience to their communities.

The Member Development team will continue to provide in-store advice, solutions, and assistance to enhance and improve the shopper experience across our network of stores.



MARKETING

✍️ **TRAVIS ALLEN** – Head of Marketing

Marketing expenditure did increase albeit at a level below inflation (5.2%) \$1,523,761 FY21 to \$1,602,698 FY22.

LOOKING TO THE FUTURE

As inflation puts pressure on volume and our competitors continue to increase their advertising exposure for their price perception marketing. IGA will need to counter this with its own value price programs, including Low Price Every Day and Price Match, which may lead to an increase in marketing expenditure above inflation over the coming year.

MAJOR CONSUMER PROMOTION

The July (2021) IGA consumer competition again contained major prizes of a Mercedes A180 and RACT accommodation and weekly prizes of IGA Gift Cards. This was the 5th time the promotion has been run as a car and holiday giveaway. With car prices inflating sharply and the change in ownership of RACT destinations, alternative prizes will be investigated next time around.

WEBSITE DEVELOPMENT

Launch of the new member (MYIGATAS) and the new customer (IGATAS) websites in September 2021 have received positive feedback from the member network.

COMMUNITY

IGA's Community Engagement programs have led to some great opportunities to build IGA's reputation for being an active and caring part of the Tasmanian community. Some prime examples are the Cancer Councils 2021 Women's 5k held in September, the first Tasmanian Disability Festival held in December 2021 and the Cancer Councils Relay for Life events held around the state throughout February and March 2022.



GROUP PROMOTIONS

GARY SUTHERLAND – Head of Promotions, Special Projects, and Insights

OVERVIEW

The performance indicators show that the results for the overall year were incredibly positive and showed a further improvement over FY21. Sales and Volume were trending slightly better in the first half of the year, but volume dropped slightly in the second half. Sales growth was not as impacted due to increasing inflation pressures on retail pricing.

The COVID pandemic in early January 2022 impacted the Tasmanian market in many ways and will provide a challenging prospect for growth for the next financial year. There were many flow-on impacts from the pandemic, especially around pricing and supply. February 2022 saw the beginning of many suppliers' price increases, thus changing advertised market pricing and customer price perception.

The logistics problems caused by labour shortfalls impacted production and delivery abilities across the FMCG industry. Consequently, SIW service levels dropped substantially, causing increased promotional out of stocks. Due to the uncertainty around promotional stock supply, some advertising opportunities and extended catalogue coverage was cut back.

Suppliers also began cancelling promotional plans for those products they could not produce in volume, which will also cause reduced promotion plans for the first half of FY23. This will impact promotional volume growth in the next fiscal year.

THE BIG GIVEAWAY (JULY 2021)

Promotional sales growth of +8.09% for this event's sponsored brands was a solid result. The Big Giveaway received another record number of entries; however, individual customer participation plateaued. After a review, we expect the Big Giveaway event for FY23 will change slightly to better fit the changing retail environment.



FOOTY FINALS (SEPT 2021)

Footy Finals reverted to September this year after the previous year was pushed out to October. Sales (+7.20%) and volume (+9.79%) growth showed that we provided a fantastic promotional offer to our members.

SALES GROWTH

+9.08 (2022) vs +7.02% (2021)

VOLUME GROWTH

+7.31 (2022) vs +6.59% (2021)

GROSS PROFIT \$ GROWTH

+11.22% (2022) vs +7.52% (2021)

PROMOTIONAL SHARE OF SALES

68.31% (2022) vs 67.55% (2021)

PROMOTIONAL GROSS PROFIT GP%

15.86% (2022) vs 15.59% (2021)

PROMOTIONAL SERVICE LEVELS JAN TO JUNE AVERAGE

86.6% (2022) vs 96.16% (2021)

same period LY

MERCHANDISING AND SUPPLIER ENGAGEMENT

✍ **JOEL ZAMEK** – Head of Merchandising and Supplier Engagement

The merchandising team has been working through its busiest period on record, stemming from the impact of rapid inflation being felt across all FMCG sectors. The inflation rate has resulted in exceptionally high wholesale price changes from nearly all suppliers across most categories. In many cases, some suppliers have moved wholesale prices up on multiple occasions this year. Retailers would have noticed this, as those changes have flowed through as retail price increases at store level, especially in the January to June period.

Our strong sales and volume growth performance this year is a testament to the hard work of many TIR business functions. In the merchandise team, we have collaborated intently with suppliers in bringing to market a multitude of new lines and seasonal offers, as well as continuing to take feedback from our retailers and evolve our range offer to maximise the volumes that can be purchased out of the Statewide warehouse.

KEY MERCHANDISE MEASURES

IGA SIW Service Levels – Service levels achieved out of SIW have fluctuated from the low 60% mark to where they sit currently in the mid 80% mark.

IGA Volume Growth (excluding Cigs)
SIW sales volume grew at 6.12%

IGA Value Growth (excluding Cigs)
SIW sales grew at 8.94%. Some of these results can be attributed to inflation growth in the later months of the financial period.

Trading Term Revenue – The combination of new & renewed trading agreements and strong sales growth has led to trading terms revenue growing to \$11.88M, representing a value growth of over 10%.

Charge Thru Sales Value – Our Charge Thru suppliers this year generated \$3.17M in value. Whilst slightly down on the year prior, Charge Thru remains an essential part of business and allows retailers flexibility & reduces management costs.

COMMUNITY & CO

This year saw the launch of Community & Co in Tasmania. We have steadily built up the range over the year to 53 SKUs and warehouse sales of circa \$100,000. Whilst this has been a steady start for the brand, there are still significant distribution gaps through the network. We encourage all stores to discuss ranging opportunities with their TIR operations team as the brand delivers strong margins and provides a point of difference for us against both chain competitors.





TOBACCO PROGRAM

We underwent a significant change to our Tobacco program over the past year, moving away from monthly promotions, which vary in length, to a stable four-weekly promo schedule. We continued to enable suppliers to provide “top-up” deals to the group halfway through the promotional period. As a result of this change, along with a competitive trading environment from all three major suppliers, we have seen volume growth of 2.11% in volume and 2.85% in value. This exceptional turnaround performance in a stagnant category has provided retailers solid footfall and dollar returns.

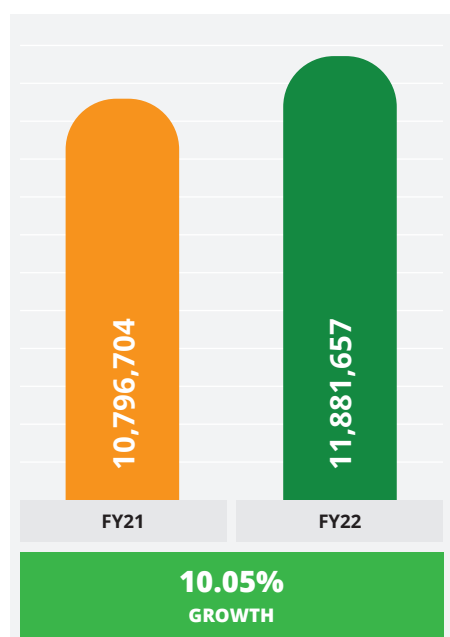
OUTLOOK

Whilst we can expect to see modest improvements in supply over the next 12 months, there will continue to be challenges as suppliers look to adapt to the various issues that exist in today’s market. Pricing is expected to remain volatile until we see steadiness in the inflation rate. Suppliers are expected to continue to pass through costs and avoid exposure to risky activities. This impact means retailers can expect a continuation of price rises, less promotional frequency and discount level reductions until the market settles down.

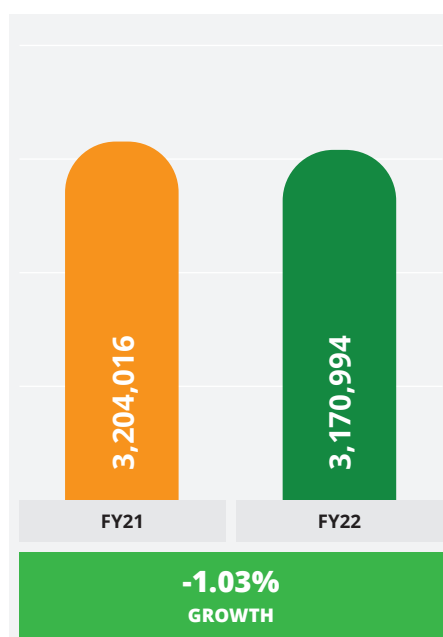
To help retailers navigate these challenges, we will continue to evolve our range and pricing programs and grow our IGA own branded offer to deliver a strong value proposition to shoppers.

Thank you to all our TIR members that have supplied feedback throughout the year. We look forward to continuing our growth over the next 12 months.

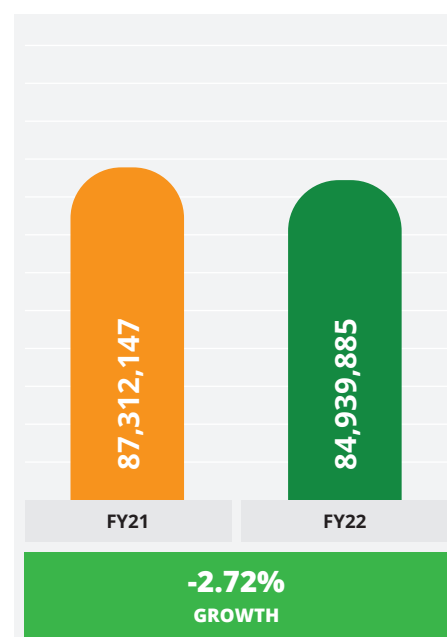
TRADING TERMS REVENUE



CHARGE THRU REVENUE



CHARGE THRU SALES



INFORMATION TECHNOLOGY AND RETAIL TECHNOLOGY

✍ **TIM BEDNARZ** – Information Technology and Retail Technology Specialist

The priorities for TIR's ICT and Retail Technology FY22 changed focus due to staff changes within the department.

These staff changes included:

- *Resignation of Head of Information Technology due to relocating interstate.*
- *Retail Technology Manager retired*
- *Combined roles and created new role "IT and Retail Technology Specialist" .*

The combined role provides end-to-end ICT support for Tasmanian Independent Retailers and Island Fresh Produce (IFP) and works closely with POS vendors providing retail technology support for TIR member network.

FIVE KEY FOCUS AREAS FOR FY21/22:

1. Cyber Security

TIR's IT department has continue work to reduce exposure to cyberthreats and minimise business risk in 5 key areas; financial damage, reputational damage, compliance violation, privacy violation and operational disruption.

Summary of work included:

- a. Improved system access and controls
- b. Implementation of enhanced password management tools
- c. Improved Firewall and Mail filtering technologies
- d. Mobile device management
- e. User development and training.

2. System Redundancy and Backups

Late 2021 TIR commenced the project to replace the aging 6-year-old HPE Hypervisor cluster servers with new generation HPE SimpliVity to provide a more intelligent server platform for TIR (including IFP). This solution provides improved resiliency, improved backup / disaster recovery and includes DR site at IFP Kings Meadows.

The project is nearing completion with majority of the servers migrated.

Summary of work included:

- a. Replace aging infrastructure
- b. Establish "Warm Site" server replication
- c. Cloud Backups.

3. Cost

Review of ICT expenditure is ongoing to ensure value for TIR/IFP and the member network without compromising system integrity.

Areas reviewed included:

- a. Telecommunication costs
- b. Software and hardware licensing costs
- c. General ICT operating costs.

4. Retail Technology Support

The combined IT and Retail technology support role will ensure continuity of Retail IT support by working close with the POS vendors to provide members with POS support, and retail technology advice and guidance.

This role commenced late April 2022.

5. Energy Contracts

During FY 20/21 Energy contracts transitioned from Aurora to Shell Energy with substantial savings for TIR Energy Group members.

FY21/22 TIR's energy consultant, Key Resources and Shell Energy conducted a review of network tariffs to check that energy group members were connected to the most efficient tariff.

Members who are not part of the TIR Energy Group and would like to know more are welcome to enquire via the Member website or contact energy@tir.com.au



FOCUS FOR THE COMING YEAR

Continuing with the FY22 theme, Cybersecurity risk management and system stability is key for the business.

The following outline the initiatives for FY23:

1. Cyber Security

- Implement a “Zero Trust Access” solution to mitigate risk and deliver continuous verification of user and device identity to reduce the cyber-attack surface
- Improve inbound and outbound mail protection from phishing and impersonation email attacks through AI based protection.
- Improved user training and awareness programs for phishing and impersonation emails
- Complete external testing and review of systems (including penetration testing) .

2. System Redundancy and Backups

Testing is nearing completion for the last stage of server project with end November 2022 as the target “go-live” date.

Backup and disaster recovery testing will be included as part of “go-live” activities.

3. Cost

Ongoing review of ICT expenditure to ensure value for TIR/IFP and the member network without compromising system integrity.

- Detailed review of Telecommunication costs
- Software licensing audit
- Hardware audit
- ICT consultant and contractor review.

4. Retail Technology Support

- POS vendor training
- Working with SIW and TIR teams assisting with technical development and testing new protocols and communications between Pronto and TIR’s Group Controller (order/receiver). It is hoped that the Pronto system will be fully migrated early 2023
- Continue to engage TIR member network and provide advice as required.

5. Energy Contracts

Continuing working with TIR’s energy consultant, Key Resources and Shell Energy to ensure energy group members are connected to the most efficient tariff.

Members who are not part of the TIR Energy Group and would like to know more are welcome to enquire via the Member website or contact energy@tir.com.au

6. Other projects in the pipeline for FY23 include:

- Upgraded Wi-Fi and paperless picking for Island Fresh Produce
- Implementation of improved video conferencing facilities at TIR Western Junction and Island Fresh meeting rooms
- Upgrade TIR’s NBN phone services from Business to Enterprise
- Upgrade Brighton IGA phone system
- Implementation of Microsoft Dynamics and Customer Relationship Management (CRM) tool
- Improve existing Intranet and SharePoint sites.



PEOPLE & CULTURE

✍ **NICOLE MCCULLAGH** – Head of People & Culture

COVID-19 & OUR PEOPLE

The Tasmanian borders opening on 15th December 2022 impacted Tasmanian business from all sectors, we were not immune. The seasonality of our operations was always a factor in our ability to function effectively over the high season.

Our planned recruitment drive prior to Christmas, which was higher than usual from a casual perspective, placed us in a relatively comfortable position to function. However, with transport issues and high leave rates due to COVID-19 over the Christmas and New Year we thank the resilience of our teams and our people to act in the best interest of TIR to provide our service to members.



NEW APPOINTMENTS

Mitchell Kay - Financial Accountant

Mitchell joined us with a demonstrated history of working in fast moving consumer goods (FMCG) including food manufacturing, agribusiness, and retail. After qualifying in public practice, he was approached to join TasFoods by the CFO who he knew from working with her during a prior secondment.

Mitchell has been with the business as the only qualified Accountant (outside the CFO) for 5 years during a highly acquisitive growth phase in which he has learnt a great deal. Mitchell has embraced the TIR functions and added strength to the admin team.

Mel Axford - Safety, Health, & Environment (SHE) Specialist

Mel is very experienced in the areas of Safety, Risk, Compliance and Assurance and has provided TIR with the creation of best practice policies and procedures for our operations. Mel's expertise has been across many industries and has worked across many international countries.

Across our businesses and operations there are differing legal obligations for safety, so to ensure that we have the fundamentals of safety in place, Mel has developed a central Workplace Health and Safety (WHS) space on the MyIGATAS site. This is a place where she will share guidance on key risks impacting our Retail, Distribution and Property operations and provide advice on how to manage those risks.

Looking after the health and safety of our customers and colleagues is a responsibility that we all share across our TIR network. Our priority should always be to run every one of our businesses with the utmost concern for the safety of the people and communities we serve, and those who work for or with us.

Tim Bednarz - Information Technology and Retail Technology Specialist

Is an IT professional with many years' experience implementing, maintaining and improving a wide range of IT systems in banking, retail, education, manufacturing and mining sectors. Tim has a key focus to ensure all stakeholders are delivered quality support and seek to explore innovative end-to-end solutions.

Tim's portfolio covers TIR internal and retail member support, whilst working with an array of key external suppliers to our operations. Tim is highly aware and proficient in the mitigation of risk for the IT systems and is continually seeking to scope best practice and efficient solutions.

Joel Zamek - Head of Merchandising & Supplier Engagement

Joel has previously gained extensive experience within the category management and merchandising roles via senior roles within Metcash, and in particular its liquor division of ALM and IBA.

Joel is energetic and very passionate about supporting the independent network, and fully understands the importance around range, price points and category margins requirements and expectations.

Joel is a strong communicator, which coupled with his high-level negotiation and team relationship skills, will position him well in his dealings with our vendor network and securing the best possible outcome for members stores within the merchandising scope.



Richard Oliver - Head of Member Operations

Richard provides a wealth of knowledge and experience to both TIR and our member network via the extensive knowledge and experience that he has gained within the FMCG sector, and which includes support, operational and development roles at Tas Gas Retail, Metcash, and Costco Warehouse.

Richard is passionate in his support for the independent grocery sector and independent operators, coupled with a strong focus on driving the fresh categories within our member network, and the holistic benefits that can be attained via increased sales, growth, and profitability.



RETIREMENT

Ron Barker

Ron has been a tireless campaigner for our member network during his 21-year association with TIR from January 2000 to current.

Ron was highly driven and very focused when it comes to engaging with the supplier network and securing better deals and outcomes, which in part has helped underpinned our mutual successes to date.

Through his role and focus, Ron has also made a significant contribution to the TIR business over many years, and which in turn has delivered direct benefits back to our member network.

This decision by Ron to step down will see his 53-year association with the Tasmanian Grocery Industry draw to a close, with his focus now shifting to quality time with his wife Sue, and his extended family, which now also includes great children.

Chester Willcock

On Friday 25 February 2022, we celebrated the retirement of Chester Willcock from the TIR family after twenty-one years.

Chester has supported TIR and the member network as an Area Manager plus retail support for the back-office systems that enable functionality for our member POS systems. Chester understood the importance of the processes and his commitment to the network was invaluable.

Chester was always a committed employee, who got about his business with a level of respect and was a great communicator to all stakeholders across our industry. We wish Chester all the best with his retirement, to spend more time with Janine and his family.

IFP HOBART OPERATIONS CLOSURE

On Saturday the 16th of October 2021 Island Fresh Produce ceased operating out of the Hobart depot.

IFP have partnered with our long-term Hobart logistics supplier, Rayner Transport, for our logistics in the Southern part of the state.

Rayner Transport, based at Derwent Park, took over all IFP deliveries in and around the Hobart area with direct control from the IFP distribution centre in Launceston. The partnership with Rayner Transport has existed for over a decade for all logistics between Launceston and Hobart and it made sense to expand our arrangement/relationship.

The focus is on the same delivery days and times in the same IFP branded trucks, however looking forward I expect there to be significant improvements with our service. This will be reviewed as the service requires in the future, noting that IFP thanks you for your continued support and we look forward to growing the IGA brand together.

IFP consulted fully with our team members at Hobart who are impacted by this change, supporting external redeployment options where possible.



OUR COMMITMENT TO BEING A RESPONSIBLE BUSINESS

✍ MEL AXFORD – Safety, Health and Environment Specialist

Putting the brakes on global warming and limiting the devastating impact of climate change is one of the greatest challenges of our time.

At TIR, we are passionate about operating our business in an environmentally responsible way. It aligns with our values and is the right thing to do – for our community and for us. We therefore want to build on the initiatives we have implemented to date, by increasing our understanding of our operational impacts in order to help us shape our future thinking. For us, being a responsible business means being a good citizen and driving social change.

ENVIRONMENTAL SUSTAINABILITY

Our approach to environmental sustainability is evolving and during FY23 we will detail additional commitments in our strategy to further support our environmental endeavours and commitments.

Our commitments will be formed by talking with a wide range of internal and external stakeholders to ensure we focus on the material impacts and opportunities of our operations and align to our External Environment Principal Risk which focuses on three main areas: climate change, business resilience, and caring for the natural environment.

This year we have supported our Stores by introducing new technology and service offerings using installation upgrades to phase in sustainability initiatives, examples to share include:

- Installing refrigeration with Co2 instead of R404a reducing energy consumption and increasing safety
- In our Stores LED lighting is now standard for refrigeration
- Recycling units available for our customers and staff
- Compostable deli paper and produce bags are available reducing plastic use.

Alongside these activities and within our TIR operations, we have installed onsite solar panels at our Island Fresh Produce Warehouse and have been hard at work driving down waste in our offices and plastic to landfill.

OUR GOVERNANCE

At TIR we ensure our governance mechanisms reflect and support our values and that the principle of doing the right thing guides us in everything we do. This approach is covered in the following areas:

Code of conduct

The TIR Code of Conduct (The Code) has been implemented to ensure employees, members and third parties understand the behaviours expected working at or with TIR. The Code applies to everyone and is intended to help protect our reputation as an ethical business and to maintain the trust of our stakeholders.

The Code covers the following areas:



People & Behaviors



Anti-Corruption & Transparency



Information & Communication



Acting Responsibly



Conflicts of Interest



Preventing modern slavery

TIR is committed to ensure there is no modern slavery or any scope for modern slavery in our supply chain or in any part of our business operations.

To support, this year we have introduced a Modern Slavery Policy and 6 supporting improvement activities focusing on TIRs commitment to:

1. Identify and mitigate the potential risk areas within our supply chain
2. Educate and inform our supply chain of our expectations
3. Screen high risk operations and supply chain agreements
4. Train our employees to understand modern slavery risk and their responsibilities in managing such risk
5. Monitor potential risks and constantly look at new ways to improve
6. Protect whistleblowers.

Whilst we consider our operations as low risk, we will continue to work directly with our suppliers to encourage and strive towards a culture where all are aware of their responsibilities in identifying any potential modern slavery practices across our supply chain.

Governance and oversight

We are reviewing our internal document management framework to be sure our procedures remain proportionate to the risks of the business. The Risk and Audit Committee has been delegated the role to oversee Business Conduct and awareness programs. Serious cases alleging breaches of the Code are referred to the Risk and Audit Committee and an appropriate Business Conduct Investigator is appointed to ensure cases are investigated and acted on promptly. Reports raised provide valuable insight into culture and organisational learning. Trends across reports and investigation summaries of serious breaches of the Code are reported quarterly to the Risk and Audit Committee.

Ethical business conduct

Our Business Conduct Policy sets out what matters are reportable, how you can report your concerns without fear of detriment, and how TIR will support you. The Business Conduct Policy applies to all those that work at or with TIR.

The policy has been issued to all employees and supported by communication. To further promote an ethical culture, a broader roll out to all members will occur during FY23.

Speak-Up

SpeakUp@igatas.com.au is our new central, confidential reporting line that is accessible to all, including members, external stakeholders and the public, to report conduct that may be unethical, illegal or inconsistent with the Code.

INTERNAL CONTROLS & RISK MANAGEMENT

The Board and the Risk and Audit Committee is committed to protecting and enhancing TIRs reputation and assets whilst safeguarding the interests of our Members. Therefore, we are embarking on an organisational wide project to change the way we manage risk, bringing modern risk and audit management techniques that will be crucial in supporting our network of businesses and future ambitions.

This has led to the identification of four transformation activities, which are the focus of reporting to the Risk and Audit Committee:

- Enhancing the risk and control frameworks in line with industry practice
- Optimising end to end risk management and assurance processes
- Enhancing the use of data and technology
- Upgrading risk awareness, control management and self-assessment.



Principal Risks

During the year, we developed a Principal Risk Model to encompass the enterprise activities undertaken across the TIR Group. The model is designed to help identify gaps in risk coverage and enable categorisation and management of risks based on themes or topics.

The 15 Principal Risks are designed to cover at the broadest level the key risks being held by the business and will be used at TIR for corporate governance reporting. These are categorised across four areas: Strategic, Operational, Compliance and Finance.

Each Principal Risk will have a supporting set of material subcategory risks that will be monitored to provide a view to the Risk and Audit Committee on the overall health and directional trend of each Principal Risk and will be the focus of our ongoing assurance activities.

Continuous Improvement

Continuous improvement is a key principle to our approach to risk and audit management. The following outlines the broader risk and audit initiatives TIR will deliver during FY23:

Enhancing our risk management framework

We are updating our risk framework and standards to embed improvements in the way we manage risk. We have created our Principal Risk Model to provide a clear line of sight of risk from operational risk management up through to enterprise risk level. Our Executive team are now undertaking an exercise to identify and assess our 'material' risks. These risks will provide a view of our overall exposure across our 15 Principal Risk areas.

Risk appetite framework

As a key link between our strategy, objectives and stakeholder expectations, we will develop a risk appetite framework for enterprise risk, including risk appetite categories, definitions, and target risk appetite levels.

In light of our new framework, we will also review our policies to ensure all policies are aligned with our proposed targets.

Risk based assurance

This will be all-encompassing, considering business priorities and objectives and the full range of risks that have an impact at TIR. It will combine a bottom up and top-down assessment of risk, will focus on controls identification, capture and testing; and will be agile to consider potential future or emerging risks on a continuous basis.

Figure 1 – Principal Risk Model:

| STRATEGIC | Brand, Trust & Standing | External Environment | Business Planning & Delivery | Competition & Markets | |
|-------------|--|-------------------------------------|----------------------------------|--------------------------------------|---------------------------|
| OPERATIONAL | Supplier Engagement & Customer Proposition | Responsible Sourcing & Supply Chain | Member Sustainability & Interest | People & Culture | Data Quality & Governance |
| | Safety, Health & Wellbeing | Understanding our Assets | Date & Cyber Security | Technology Resilience & Availability | |
| COMPLIANCE | Legal & Regulatory Compliance | | | | |
| FINANCE | Financing our Business | | | | |



Our Wellbeing, Health and Safety Committee is working to make sure that safety is not seen just as a 'priority' but 'the way we do things'.

HEALTH AND SAFETY

The safety of our employees, members and customers is of paramount importance. The Board reviews the annual employee survey results which includes targeted questions on safety culture and maintains an oversight of the resulting actions and performance.

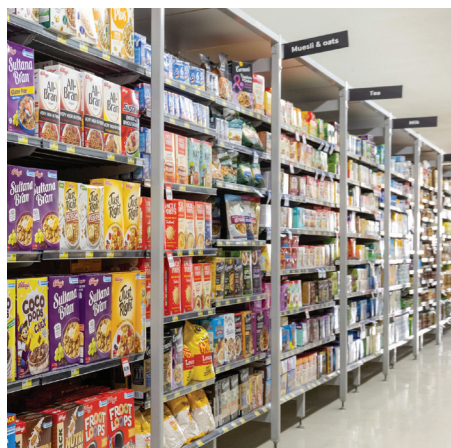
Our Wellbeing, Health and Safety Committee is working to make sure that safety is not seen just as a 'priority' but 'the way we do things'. This is linked to our safety ambition which is to have a culture where:

- Everyone considers the safety impact in everything that we do
- Everyone takes ownership and acts safely
- We openly discuss safety issues.

Over the past year we have been working on several initiatives to support our ambition, this includes:

- A new safety site on MyIGA Tas providing a central portal for our employees and members to access the fundamentals of retail health and safety compliance
- Bringing in deeper classification of incidents to increase data insights and ensuring we are focussing on our high-risk areas
- Working with subject matter experts and Health and Safety Representatives (HSR) on retail, vehicle, and forklift safety
- Continuing to roll out our Safety Management System framework in consultation with our Health and Safety Representatives.

This year's result was strong, with no injuries causing lost time during FY22. TIR in conjunction with the Wellbeing, Health and Safety Team will continue to improve our targeted plans to address any areas of concern and build on the work done to date.



Risk and Audit Committee



Andrew Gray,
Partner Newton & Henry

During the year, the Board agreed to form a Risk and Audit Committee. The Risk and Audit Committee is chaired by an appointed independent member, Andrew Gray, Partner at Newton & Henry, bringing in independent challenge and decision making as well as wealth of financial, risk and governance experience.

The primary focus of the Risk and Audit Committee is to provide support to the Board by exercising oversight and monitoring over financial and regulatory reporting, engaging with the external auditor, and overseeing the TIR's control and risk management framework.

Looking ahead to FY23, these items will remain a focus for the Committee. The Committee will continue to oversee the further development of the risk management processes; oversee the TIR's assurance framework, ensuring processes and controls (covering both financial and non-financial reporting) are appropriate and that published information is accurate, complete, and reliable.

COMMUNITY SPONSORSHIPS & PARTNERSHIPS

IGA regularly supports and works with many Charities through Tasmania.



CANCER COUNCIL TASMANIA - RELAY FOR LIFE

IGA is the Principal Sponsor of Relay for Life in Tasmania for 2021, 2022 & 2023. IGA also support the Cancer Councils Tasmania's Unit in Yellow and Sparkle fundraising events.

Here are a few examples of the money raised by Cancer Council Tasmania goes?

Research projects and have contributed in excess of \$5.5 million over the past 25 years.

27,600 cancer support and prevention information resources.

7,439 support contacts from Cancer Council Tasmania support staff.

transport2treatment vehicles delivered 395 individuals to 4,800 treatment appointments across Tasmania.



SPECIAL OLYMPICS AUSTRALIA

In May 2021 IGA stores in Tasmania raised \$20,844.80

Many of IGA stores continue to raise fund through donation tins within their stores.

The Special Olympics has the following events coming up and the money raising money is help reduce the cost for athletes to attend.

National Games 2022 | Launceston | 17-21 October 2022

World Games | Berlin | 17-24 June 2023



CHARITY RELIEF

IGA has continued working with many Charities through Tasmania in 2021/2022 providing a 20% discount on IGA Food Cards to make their dollar go further.

Charities that have benefited from the discount were:

- Salvation Army
- Caring Networks
- St Vincent de Paul Society
- Anglicare, Uniting Care
- Benevolent Society.



NTJFA

IGA is the Major Sponsor of the NTJFA for 2021 - 2022 - 2023

The NTJFA is a junior AFL competition formed in 1975 in Northern Tasmania that provides a competition program for around 1800 children from Under 9 through to Under 16 boys and U17 girls.

Logo placement on all Footballs used for NTJFA games

Logo placement on all team guernseys (all clubs).



NWFL 2022

"The North West Football League (NWFL) have:

- 2,300 participants
- 970 of those being junior players

The NWFL season in 2022 has following age groups; Under 12 boys, Under 13 girls, Under 14 boys, Under 16 boys, Under 17 girls.

The competition spans from Smithton all the way along the Coast to Latrobe covering almost 150km of distance."



STJFL SEASON 2022

- 209 Teams
- 51 Girls Teams
- 158 Boys Teams
- 3864 Participants
- 1017 Girls
- 2847 Boys
- 1448 Matches scheduled across the season.
- 20 Competition Grades from U8 through to U18
 - Girls 8 Grades
 - Boys 12 Grades
- 290 Accredited Coaches
- 324 Registered Team Managers
- 370 Registered Volunteers

The 2022 STJFL season was overall another successful season. Whilst clubs and teams had some challenges with player availability due to covid and flu impacts, there was only 8 games that was cancelled due to this.

(20+) STJFL Southern Tasmanian Junior Football League | Facebook

STJFL | Southern Tasmanian Junior Football League.



DANCE SPORT CHAMPIONSHIPS

The 2022 7 Tasmania Open DanceSport Championship was the largest single day event in the Southern Hemisphere.

- 570 - interstate guests
- 5 - International
- 310 - Intrastate
- Audience - 1741
- Over 11,000 website visits so far in 2022
- Interstate guests stayed 2.5 days in Tasmania

With competitors travelling from every state & territory from across Australia & even attracted competitors from Iceland, The United Kingdom and an official from New Zealand.

The Championship has grown each year with 2022 being our biggest yet with records entries of over 1000!

The continued support from all our major partners is so very much appreciated, without the support we simply couldn't run the event.



THE ALEX
GADOMSKI
FELLOWSHIP

ALEX GADOMSKI FELLOWSHIP

The Alex Gadomski Fellowship was created in 2018, in collaboration with Maddie Riewoldt's Vision.

It was established by the Gadomski family to honour the life of Alex Gadomski, who died at the age of 21 from bone marrow failure.

The Live Life Gala Ball also launched another initiative in the search for a cure - the Alex Gadomski Postgraduate Scholars pin Medical Research.

The scholarship will focusing on bone marrow failure syndromes through the University of Tasmania's College of Health and medicine.

IGA Tasmania has been the major sponsor of the live Gala Ball since 2018.

FINANCIAL REPORT

Tasmanian Independent Retailers Co-Operative Society LTD
ABN 89 743048843

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DIRECTORS' REPORT

DIRECTORS' REPORT

Your directors present their report of Tasmanian Independent Retailers Co-Operative Society Ltd (the co-operative) for the financial year ended 30 June 2022.

Directors

The names of the directors in office at any time during or since the end of the year are:

| | Eligible Meetings | Meetings Attended |
|--------------------|-------------------|-------------------|
| Michael Baxter (1) | 10 | 10 |
| Brett MacKay (1) | 10 | 10 |
| Chris Hill (1) | 10 | 10 |
| Mark Colson (1) | 10 | 10 |
| Peter Aulich (2) | 5 | 5 |
| Kemuel Wood (3) | 5 | 5 |

(1) Michael Baxter, Brett MacKay, Chris Hill, and Mark Colson were Directors on the Board for the entire financial year.

(2) Peter Aulich resigned from the Board effective 24 November 2021.

(3) Kemuel Wood joined the Board on 24 November 2021.

Director qualifications and experience and responsibilities

Michael Baxter

Michael Baxter joined the board as a member director in November 2005 and was appointed as Chairman in November 2017.

Experience: Mr. Baxter is the former owner operator of IGA Westbury and IGA Shearwater. He is also a shareholder of DRB Retail Pty Ltd, operator of IGA Prospect.

Brett MacKay

Brett MacKay joined the board as a member director in November 2002.

Experience: Mr MacKay is existing operator of IGA X-press Lindisfarne.

Chris Hill

Chris Hill joined the board as a member director in November 2011.

Experience: Mr Hill is a director of CG & KA Hill Pty Ltd, existing operator of Hilly's IGA St Helens & operator of Hilly's IGA St Marys until 15 August 2022.

Mark Colson

Mark Colson joined the board as a member director in November 2015.

Experience: Mr Colson is a director M & L Colson Investments Pty Ltd, existing operator of IGA Norwood.

Director qualifications and experience and responsibilities (cont'd)

Peter Aulich

Peter Aulich joined the board as a member director in November 2005 and is a former Chairman of the Board. Peter resigned from the Board effective 24 November 2021.

Experience: Mr Aulich is a director of RJ & VM Waldren Pty Ltd, existing operator of IGA Bicheno.

Kemuel Wood

Kemuel Wood joined the board as a member director in November 2021.

Experience: Mr Wood is a director of Casmek Investments Pty Ltd, existing operator of Bay of Fires IGA St Helens.

Secretary qualifications and experience

John Devine

Mr Devine joined the co-operative as an independent Secretary on 2 October 2019.

Mr Devine is the State Manager Board and Governance Services, Queensland Members and Clients and is strong strategic professional, MBA qualified and graduated from University of Tasmania. Mr Devine is skilled in Operations Management, Corporate Governance, Strategic Planning, Leadership and Stakeholder Engagement.

Principal Activities

The principal activities of the co-operative during the financial year were that of Investor, Fruit and Vegetable Wholesaler and Retail Marketer, & Supermarket Operator.

Changes in State of Affairs

No significant changes in the co-operative's state of affairs occurred during the financial year.

Review of Operations

The consolidated profit of the co-operative for the financial year after providing for income tax amounted to \$1,597,095. This compares to a profit of \$2,175,655 for the year ended 30 June 2021.

First Time Adoption of Accounting Standards

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year, the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

In preparing these financial statements, the Co-Operative adopted the following standards and amendments:

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities;
- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.

There was no impact on the amounts recognised, measured and classified in the statements of financial position, financial performance and cash flows of the Co-Operative as a result of the change in basis of preparation.

Correction of Errors

During 2022, the co-operative discovered that AASB 16 Leases had, erroneously, not been applied. AASB 16 has been a mandatory standard for financial years beginning on or after 01 January 2019, therefore, should have been applied to the financial statements of the Co-Operative for years ending 30 June 2020 and thereafter. In preparing these financial statements, the Co-Operative has applied AASB 16 Leases for the first time. The Co-Operative was required to change its accounting policies as a result of adopting AASB 16. The Co-Operative elected to adopt the new policy retrospectively and has restated the comparative for the 2021 reporting period. The cumulative effect of applying the standard retrospectively to the relevant leases has been recognised in the opening balances of the 2021 comparative.

The following summarises the impact on the Co-Operatives balance sheet for the financial year ended 30 June 2021:

- Finance lease assets (current) – increased \$213,052
- Finance lease assets (non-current) – increased \$1,120,831
- Right-of-use assets – increased by \$368,506
- Deferred tax assets – increased by \$1,955
- Current lease liabilities – increased by \$319,309
- Non-current lease liabilities – increased by \$1,389,597

The net impact on the retained profits of the Co-Operative to 30 June 2021 was a decrease of \$4,561.

During 2022, the Co-Operative discovered that the provision for employee entitlements had been disclosed entirely as a current liability, rather than segregated between current and non-current. The error has been corrected by restating each of the affected balance sheet line items for the prior period comparative, 30 June 2021, summarised as follows:

- Provisions (current liability) – decreased by (\$163,993)
- Provisions (non-current liability) – increased by \$163,993.

During 2022, the Co-Operative discovered that some items within the cash flow statement had been incorrectly allocated for the financial year ended 30 June 2021. The errors have been corrected by restating each of the affected cash flow statement line items for the prior period comparative, 30 June 2021, summarised as follows:

- Receipts from customers – decreased by \$1,107,981
- Payments to suppliers and employees – increased by \$1,331,170
- Interest and dividends received – increased by \$27,937
- Interest expense paid – increased by \$17,335
- Other receipts – increased by \$26,154
- Payments for investments – increased by \$259,946.

During 2022, the Co-Operative discovered that some inter-divisional entries had not been eliminated on consolidation of the group financial statements. The omitted eliminations included the following:

- Sales of goods from Island Fresh Produce to IGA Brighton of \$646,540; and
- Purchase incentive payment transferred from TIR to IGA Brighton of \$130,324.

These errors have been corrected by restating each of the affected profit and loss line items for the prior period comparative, 30 June 2021, summarised as follows:

- Sale of goods from continued operations - reduced by \$646,540
- Cost of sales from continued operations - reduced by \$646,540
- Other revenue - reduced by \$130,324
- Purchase incentive payment expense - reduced by \$130,324

Environmental Regulation

The Co-Operative is subject to usual State and Federal environmental regulations, however, the operations are not subject to any industry specific environmental regulation. All sites are licenced with State and Council authorities as required. To the Boards knowledge, the Co-Operatives activities are in full compliance with all prescribed environmental regulations.

Dividends/Distributions

No Dividends/Distributions have been paid during or proposed since the end of the financial year.

Subsequent Events

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.

Future Developments

The Co-Operative has lodged a development application (DA) with the Brighton Council for the construction of a new supermarket with adjoining tenancies on vacant land currently owned by the Co-Operative. An objection has been lodged against the application. The Co-Operative is in the process of mediation and is hopeful to resolve. The timeframe for the start of the development works, along with the relocation of the Brighton IGA supermarket, is expected to begin during the 2023-2024 year, albeit not finalised.

Directors Interests & Share Options

No options over issued shares or interests in the co-operative were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Brett MacKay, Chris Hill, Mark Colson, Peter Aulich, and Kemuel Wood all hold 50 ordinary shares.

Indemnification of Officers and Auditors

The Co-Operative has indemnified the directors and officers of the Co-Operative for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Co-Operative has paid a premium to insure the directors and officers of the Co-Operative for legal expenses and liability. Such insurance covers persons who are currently, or have been, directors or executive of the co-operative while acting in their capacity as such other than where there has been a lack of good faith. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

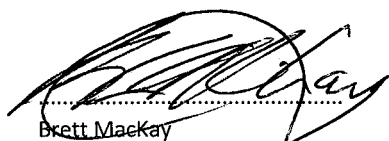
Directors and officers include all executive staff and the company secretary.

The Co-Operative has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Co-Operative or any related entity against a liability or legal fee incurred by the auditor.


The Co-Operative has not, during or since the financial year, paid a premium in respect of a contract to insure the auditor of the Co-Operative or any related entity against a liability or legal fee incurred by the auditor.

Auditor's independence declaration

The auditor's independence declaration in accordance with the Co-operatives National Law (Tasmania) Act 2015, for the year ended 30 June 2022 has been received and can be found on page 36 of the financial report.



Brett MacKay



Michael Baxter

Dated: 26 October 2022

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | 2022 \$ | 2021 (Restated) \$ |
|---|------|-------------------|-----------------------|
| Continuing operations | | | |
| Sale of goods from continued operations | 6 | 43,003,923 | 39,552,589 |
| Cost of sales from continued operations | | (34,756,098) | (31,200,120) |
| Gross profit | | 8,247,825 | 8,352,469 |
| Charge through revenue | | 3,170,994 | 3,204,016 |
| Supplier case allowance revenue | | 39,298,918 | 34,602,905 |
| Supplier terms revenue | | 11,881,657 | 10,796,704 |
| Investment revenue | | 934,366 | 943,176 |
| Share of net profit from associates using the equity method (SIW) | | 328,350 | 367,774 |
| Change in fair value of investment property | | (27,514) | - |
| Change in fair value of financial investments | | (877,216) | 513,698 |
| Other revenue | | 790,577 | 330,334 |
| Total income | | 63,747,957 | 59,111,077 |
| Case subsidies and price support | | (40,164,267) | (35,118,063) |
| Advertising and marketing expenses | | (1,602,698) | (1,523,761) |
| Depreciation and amortisation expenses | | (743,319) | (883,019) |
| Employee benefits expense | | (9,168,932) | (7,752,855) |
| Financial expenses | | (72,192) | (92,222) |
| Motor vehicle and delivery expenses | | (604,258) | (507,232) |
| Property and occupancy expenses | | (696,964) | (679,750) |
| Information, communication and technology | | (451,021) | (569,819) |
| Other expenses | | (1,714,789) | (1,372,257) |
| Profit/(Loss) before tax and member distributions | | 8,529,518 | 10,612,101 |
| Equipment development fund expense | | (992,624) | (1,507,262) |
| Purchase Incentive payment expense | | (5,428,167) | (6,198,803) |
| Profit/(Loss) before tax | | 2,108,727 | 2,906,036 |
| Income tax (expense)/benefit | 7 | (511,632) | (730,381) |
| Profit/(Loss) for the year | | 1,597,095 | 2,175,655 |
| Total comprehensive income for the year | | 1,597,095 | 2,175,655 |

STATEMENT OF FINANCIAL POSITION

| | Note | 2022 \$ | 2021 (Restated) \$ | 2020 (Restated) \$ |
|--|------|-------------------|-----------------------|-----------------------|
| Current assets | | | | |
| Cash assets | 8 | 13,665,264 | 12,531,957 | 10,845,144 |
| Receivables | 9 | 6,309,709 | 5,832,151 | 5,712,458 |
| Inventories | 10 | 1,362,312 | 1,247,227 | 1,143,346 |
| Finance lease asset | 11 | 220,978 | 213,052 | 205,441 |
| Other assets | 12 | 135,636 | 180,325 | 166,806 |
| Total current assets | | 21,693,899 | 20,004,712 | 18,073,195 |
| Non-current assets | | | | |
| Financial assets | 13 | 4,480,652 | 5,101,314 | 4,327,670 |
| Investment accounted for using the equity method | 14 | 22,043,178 | 21,714,828 | 21,347,054 |
| Investment property | 15 | 5,900,000 | 5,900,000 | 5,900,000 |
| Property, plant & equipment | 16 | 8,144,260 | 8,260,366 | 8,233,868 |
| Finance lease asset | 11 | 899,853 | 1,120,831 | 1,333,854 |
| Right-of-use assets | 17 | 263,218 | 368,506 | - |
| Deferred tax asset | 18 | 505,462 | 276,594 | 303,899 |
| Intangible assets | 19 | 1,005,431 | 1,005,431 | 1,005,431 |
| Other assets | 12 | 337,637 | 400,384 | 461,056 |
| Total non-current assets | | 43,579,691 | 44,148,254 | 42,912,832 |
| Total assets | | 65,273,590 | 64,152,966 | 60,986,026 |
| Current liabilities | | | | |
| Payables | 20 | 10,190,660 | 9,957,566 | 9,087,423 |
| Lease Liabilities | 21 | 331,187 | 319,309 | 205,411 |
| Interest bearing liabilities | 22 | 179,231 | 220,563 | 254,675 |
| Provisions | 23 | 908,704 | 1,073,796 | 1,255,110 |
| Current tax liabilities | 24 | 92,911 | 363,235 | 478,020 |
| Total current liabilities | | 11,702,693 | 11,934,469 | 11,280,639 |
| Non-current liabilities | | | | |
| Interest bearing liabilities | 22 | 102,547 | 185,172 | 67,423 |
| Lease liabilities | 21 | 1,062,221 | 1,389,597 | 1,333,884 |
| Provisions | 23 | 329,697 | 163,993 | - |
| Total non-current liabilities | | 1,494,465 | 1,738,762 | 1,401,307 |
| Total liabilities | | 13,197,158 | 13,673,230 | 12,681,945 |
| Net assets | | 52,076,432 | 50,479,736 | 48,304,081 |
| Equity | | | | |
| Contributed equity | 25 | 6,600 | 7,000 | 7,000 |
| Retained profits | 26 | 52,069,832 | 50,472,736 | 48,297,081 |
| Total equity | | 52,076,432 | 50,479,736 | 48,304,081 |

STATEMENT OF CHANGES IN EQUITY

| | Note | Contributed equity \$ | Retained earnings \$ | Total \$ |
|--|------|-----------------------------|----------------------------|-------------------|
| Balance at 1 July 2020 | | 7,000 | 48,297,081 | 48,304,081 |
| Profit attributable to equity shareholders | | - | 2,175,655 | 2,175,655 |
| Balance at 1 July 2021 | | 7,000 | 50,472,736 | 50,479,736 |
| Profit attributable to equity shareholders | | - | 1,597,095 | 1,597,095 |
| Share issued/(reduced) during the year | 25 | (400) | - | (400) |
| Balance at 30 June 2022 | | 6,600 | 52,069,832 | 52,076,432 |

STATEMENT OF CASH FLOWS

| | Note | 2022 \$ | 2021 (Restated) \$ |
|--|----------|-------------------|-----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 100,539,881 | 92,053,239 |
| Payments to suppliers and employees | | (98,233,254) | (88,997,946) |
| Interest and dividends received | | 370,662 | 388,543 |
| Interest expense paid | | (72,192) | (92,222) |
| Other receipts | | 279,093 | 382,206 |
| Income tax received/(paid) | | (1,012,736) | (817,861) |
| Net cash provided by/(used in) operating activities | | 1,871,454 | 2,915,959 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, plant and equipment | | 866,802 | 203,296 |
| Payment for property, plant and equipment | | (971,288) | (1,012,622) |
| Movement in loans to related entities | | 62,747 | 60,671 |
| Proceeds from the disposal of/(payments for) investments | | (256,554) | (259,945) |
| Net cash provided by/(used in) investing activities | | (298,293) | (1,008,600) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | 99,173 | 328,639 |
| Repayment of borrowings | | (223,129) | (245,004) |
| Repayment of lease liabilities | | (315,498) | (304,182) |
| Shares issued/(repurchased) | | (400) | - |
| Net cash provided by/(used in) financing activities | | (439,854) | (220,546) |
| Net increase (decrease) in cash held | | 1,133,307 | 1,686,813 |
| Cash at beginning of year | | 12,531,957 | 10,845,144 |
| Cash at end of year | 8 | 13,665,264 | 12,531,957 |

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Corporate Information and Basis of Preparation

1.1 Information About the Co-operative

Tasmanian Independent Retailers Co-Operative Society Limited is a Co-operative domiciled in Australia under the Co-operatives National Law (Tasmania) Act 2015 and operating in Australia.

The address of its registered office and principal place of business is as follows:

1.2 Principal Place of Business and Registered Office

8 Translink Avenue
Western Junction, TAS 7212
Tel: (03) 6391 0200

1.3 The Principal Activities of the Co-operative

TIR's role is to provide centralised support for all retail banner members in the areas of:

- Supplier negotiations and trading terms
- Banner advertising support
- Plant and equipment purchases
- In-store ranging and layout support
- Centralised retail pricing and promotional pricing support via host support systems
- Stay in business and in-store expansion advice
- Provision of volume related rebates to members based upon member purchases

1.4 Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board (AASB) and the Co-Operatives National Law (Tasmania) Act 2015.

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the Co-Operative as a result of the change in the basis of preparation. However, additional and revised disclosures have been incorporated in the financial report as a result of the change.

Details of the Co-Operative's accounting policies are included in note 5

1.5 Statement of Compliance

The Co-operative does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards - Simplified Disclosures.

Note 2: Changes in Accounting Policies and Changes in Estimates**2.1 New Accounting Standards Adopted**

The Co-Operative has adopted AASB 16 *Leases* for the first time for its annual reporting period commencing 01 July 2021. The Co-Operative was required to change its accounting policies as a result of adopting AASB 16. AASB 16 *Leases* has been a mandatory standard for financial years beginning on or after 01 January 2019. Resultant errors in the financial statements for the year ended 30 June 2021 have been corrected and the comparative restated, as disclosed in note 3 Correction of Errors.

The Co-Operative elected to adopt the new policy retrospectively, recognising the cumulative effect of initially applying the standard on 01 July 2019. Reclassifications and adjustments arising from the newly applied rules are recognised in the balance sheet for the year ended 30 June 2021. The new accounting policies and the treatment of right-of-use assets and lease liabilities are disclosed in note 5.5.

On adoption of AASB 16, the Co-Operative recognised lease liabilities in relation to leases which has previously been classified as “operating leases” under the principles of superseded AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease. Where the rate could not be determined, the lessee’s incremental borrowing rate as of 1 July 2019 is used. The average lessee’s incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.72%.

Practical expedients applied

In applying AASB 16 for the first time, the Co-Operative has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Co-Operative has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Co-Operative relied on its assessment made by applying AASB 117 and Interpretation for Determining Whether an Arrangement Contains a Lease.

Measurement of lease liabilities

| | |
|---|------------------|
| Operating lease commitments as at 30 June 2019 (undiscounted) | 2,029,416 |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | 1,737,338 |
| Lease liability recognised as at 1 July 2019 | 1,737,338 |
| Of which are: | |
| Current lease liabilities | 198,044 |
| Non-current lease liabilities | 1,539,294 |
| | 1,737,338 |

Measurement of lease assets

A lease asset was recognised in relation to a sub-lease for which TIR is the head-lessee. The lease asset associated with the lease liability was measured on a retrospective basis as if the new rules had always applied.

Adjustments recognised in the balance sheet on 01 July 2019

The change in accounting policy affected the following items on the balance sheet as at 01 July 2019:

- Lease assets – increase by \$1,737,338
- Lease liabilities – increase by \$1,737,338

There was no impact on retained earnings as at 01 July 2019.

2.2 Australian Accounting Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ended 30 June 2022 and have not been adopted by the co-operative when preparing the 2022 financial report. The standards will be applied in the annual reporting periods beginning on or after the effective dates set out below. The co-operative has reviewed the pending standards and considers the following standards may apply. Standards that are not considered relevant to the co-operative have not been included.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2] - Annual reporting periods beginning on or after 1 January 2023

AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards - Annual reporting periods beginning on or after 1 January 2023

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 1 and AASB 112] - Annual reporting periods beginning on or after 1 January 2023

The above new standards not yet adopted are not expected to have a material effect on the Co-operatives financial statements.

Note 3: Correction of Errors

Error 1 – Accounting for AASB 16 Leases

During 2022, the co-operative discovered that AASB 16 Leases had, erroneously, not been applied. AASB 16 has been a mandatory standard for financial years beginning on or after 01 January 2019, therefore, should have been applied to the financial statements of the Co-Operative for years ending 30 June 2020 and thereafter. As a consequence, right-of-use assets, lease assets, lease liabilities, and deferred tax assets have been understated in the financial years ending 30 June 2020 and 2021. Profit and loss accounts, including investment revenue, depreciation and amortisation, financial expenses, and property and occupancy expenses have also been affected. The errors have been corrected by restating each of the affected financial statement line items for the reporting period ended 30 June 2021. The balance sheet for the year ended 30 June 2020 has also been restated.

Error 2 – Accounting for current / non-current provisions

During 2022, the Co-Operative discovered that the provision for employee entitlements had been disclosed entirely as a current liability, rather than segregated between current and non-current. The error has been corrected by restating both current and non-current provisions in the balance sheet for the reporting period ended 30 June 2021.

Error 3 – Statement of Cash Flows allocations

During 2022, the Co-Operative discovered that some items within the cash flow statement had been incorrectly allocated for the financial year ended 30 June 2021. The errors have been corrected by restating each of the affected cash flow statement line items for the reporting period ended 30 June 2021.

Error 4 – Omission of interdivisional elimination entries

During 2022, the Co-operative discovered that some inter-divisional entries had not been eliminated on consolidation of the group financial statements for the year ended 30 June 2021. These errors have been corrected by restating each of the affected profit and loss line items for the reporting period ended 30 June 2021.

The following tables provide the impacts of the abovementioned errors on the Co-Operatives financial statements:

Statement of Profit & Loss and Other Comprehensive Income

| | Impact of correction of error | | |
|---|-------------------------------|------------------|---------------------|
| | As previously reported | Adjustments | As restated |
| Continuing operations | | | |
| Sale of goods from continued operations (2) | 40,199,129 | (646,540) | 39,552,589 |
| Cost of sales from continued operations (2) | (31,846,660) | 646,540 | (31,200,120) |
| Gross profit | 8,352,469 | - | 8,352,469 |
| Charge through revenue | 3,204,016 | - | 3,204,016 |
| Supplier case allowance revenue | 34,602,905 | - | 34,602,905 |
| Supplier terms revenue | 10,796,704 | - | 10,796,704 |
| Investment revenue (1) | 885,914 | 57,262 | 943,176 |
| Share of net profit from associates using the equity method (SIW) | 367,774 | - | 367,774 |
| Change in fair value of investment property | - | - | - |
| change in fair value of financial investments | 513,698 | - | 513,698 |
| Other revenue (2) | 460,658 | (130,324) | 330,334 |
| Total income | 59,184,138 | (73,062) | 59,111,077 |
| Case subsidies and price support | (35,118,063) | - | (35,118,063) |
| Advertising and marketing expenses | (1,523,761) | - | (1,523,761) |
| Depreciation and amortisation expenses (1) | (777,732) | (105,287) | (883,019) |
| Employee benefits expense | (7,752,855) | - | (7,752,855) |
| Financial expenses (1) | (17,335) | (74,887) | (92,222) |
| Motor vehicle and delivery expenses | (507,232) | - | (507,232) |
| Property and occupancy expenses (1) | (796,146) | 116,396 | (679,750) |
| Information, communication and technology | (569,819) | - | (569,819) |
| Other expenses | (1,372,257) | - | (1,372,257) |
| Total Expenses | (48,435,198) | (63,778) | (48,498,976) |
| Profit / (Loss) before income tax and member distributions | 10,748,940 | (136,840) | 10,612,101 |
| Equipment development fund expense | (1,507,262) | - | (1,507,262) |
| Purchase incentive payment expense (2) | (6,329,127) | 130,324 | (6,198,803) |
| Profit / (Loss) before tax | 2,912,551 | (6,516) | 2,906,036 |
| Income tax (expense) / benefit (1) | (732,336) | 1,955 | (730,381) |
| Profit / (Loss) for the year | 2,180,215 | (4,561) | 2,175,655 |

(1) The adjustment is entirely in relation to *Error 1 - Accounting for AASB 16 Leases*

(2) The adjustment is entirely in relation to *Error 4 - Omission of interdivisional elimination entries*

Statement of Financial Position

| | Impact of correction of error | | |
|--|-------------------------------|------------------|-------------------|
| | As previously reported | Adjustments | As restated |
| Current assets | | | |
| Cash assets | 12,531,957 | - | 12,531,957 |
| Receivables | 5,832,151 | - | 5,832,151 |
| Inventories | 1,247,227 | - | 1,247,227 |
| Finance lease asset (1) | - | 213,052 | 213,052 |
| Current tax assets | - | - | - |
| Other assets | 180,325 | - | 180,325 |
| Total current assets | 19,791,660 | 213,052 | 20,004,712 |
| Non-current assets | | | |
| Other assets | 400,384 | - | 400,384 |
| Financial assets | 5,101,314 | - | 5,101,314 |
| Investment accounted for using the equity method | 21,714,828 | - | 21,714,828 |
| Investment property | 5,900,000 | - | 5,900,000 |
| Property, plant and equipment | 8,260,366 | - | 8,260,366 |
| Finance lease asset (1) | - | 1,120,831 | 1,120,831 |
| Right-of-use assets (1) | - | 368,506 | 368,506 |
| Deferred tax assets (1) | 274,639 | 1,955 | 276,594 |
| Intangible assets | 1,005,431 | - | 1,005,431 |
| Total non-current assets | 42,656,962 | 1,491,292 | 44,148,254 |
| Total assets | 62,448,622 | 1,704,344 | 64,152,966 |
| Current liabilities | | | |
| Payables | 9,957,566 | - | 9,957,566 |
| Lease liabilities (1) | - | 319,309 | 319,309 |
| Interest bearing liabilities | 220,563 | - | 220,563 |
| Provisions (2) | 1,237,789 | (163,993) | 1,073,796 |
| Current tax liabilities | 363,235 | - | 363,235 |
| Total current liabilities | 11,779,153 | 155,316 | 11,934,469 |
| Non-current liabilities | | | |
| Interest bearing liabilities | 185,172 | - | 185,172 |
| Lease liabilities (1) | - | 1,389,597 | 1,389,597 |
| Provisions (2) | - | 163,993 | 163,993 |
| Total non-current liabilities | 185,172 | 1,553,590 | 1,738,762 |
| Total liabilities | 11,964,325 | 1,708,905 | 13,673,230 |
| Net assets | 50,484,297 | (4,561) | 50,479,736 |
| Equity | | | |
| Contributed equity | 7,000 | - | 7,000 |
| Retained profits | 50,477,297 | (4,561) | 50,472,736 |
| Total equity | 50,484,297 | (4,561) | 50,479,736 |

(1) The adjustment is entirely in relation to *Error 1 - Accounting for AASB 16 Leases*

(2) The adjustment is entirely in relation to *Error 2 – Accounting for current / non-current provisions*

Statement of Changes in Equity

| | Impact of correction of error | | |
|--|--------------------------------------|--------------------|--------------------|
| | As previously reported | Adjustments | As restated |
| Balance as at 01 July 2019 (1) | 49,545,965 | - | 49,545,965 |
| Profit attributable to equity shareholders (1) | (1,241,984) | - | (1,241,984) |
| Shares issued / (redeemed) during the year | 100 | - | 100 |
| Balance as at 30 June 2020 | 48,304,081 | - | 48,304,081 |
| Profit attributable to equity shareholders (1) | 2,180,216 | (4,561) | 2,175,655 |
| Shares issued / (redeemed) during the year | - | - | - |
| Balance as at 30 June 2021 | 50,484,297 | (4,561) | 50,479,736 |

(1) The adjustment is entirely in relation to *Error 1 - Accounting for AASB 16 Leases*

Statement of Cash Flows

| | Impact of correction of error | | |
|--|-------------------------------|------------------|--------------------|
| | As previously reported | Adjustments | As restated |
| Cash flow from operating activities | | | |
| Receipts from customers (1) | 92,955,809 | (902,570) | 92,053,239 |
| Payments to suppliers and employees (2) | (90,445,512) | 1,447,566 | (88,997,946) |
| Interest and dividends received (3) | 303,344 | 85,199 | 388,543 |
| Interest expense paid (4) | - | (92,222) | (92,222) |
| Other receipts (5) | 356,052 | 26,154 | 382,206 |
| Income tax received/paid | (817,861) | - | (817,861) |
| Net cash provided by/(used in) operating activities | 2,351,832 | 564,127 | 2,915,959 |
| Cash flow from investing activities | | | |
| Proceeds from sale of property, plant and equipment | 203,296 | - | 203,296 |
| Payment for property, plant and equipment | (1,012,622) | - | (1,012,622) |
| Movement in loans to related entities | 60,671 | - | 60,671 |
| Payment for investments (6) | - | (259,945) | (259,945) |
| Net cash provided by/(used in) investing activities | (748,655) | (259,945) | (1,008,600) |
| Cash flow from financing activities | | | |
| Proceeds from borrowings | 328,639 | - | 328,639 |
| Repayment of borrowings | (245,004) | - | (245,004) |
| Repayment of lease liabilities (7) | - | (304,182) | (304,182) |
| Shares issued/(redeemed) | - | - | - |
| Net cash provided by/(used in) financing activities | 83,636 | (304,182) | (220,546) |
| Net increase/(decrease) in cash held | 1,686,813 | - | 1,686,813 |
| Cash at beginning of year | 10,845,144 | - | 10,845,144 |
| Cash at end of year | 12,531,957 | - | 12,531,957 |

(1) \$205,411 relates to error 1, (\$1,107,981) relates to error 3

(2) \$116,396 relates to error 1, \$1,331,170 relates to error 3

(3) \$57,262 relates to error 1, \$27,937 relates to error 3

(4) (\$74,887) relates to error 1, (\$17,335) relates to error 3

(5) Entirely relates to error 3

(6) Entirely relates to error 3

(7) Entirely relates to error 1

Note 4: Judgements and Key Sources of Estimation Uncertainty

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments are detailed below

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Lease term

Management determines whether or not property lease option are reasonably certain to be exercised. Changes to this determination will have a material effect on the lease liabilities and Right-of-use Assets recognised on the Co-operatives balance sheet.

Note 5: Significant Accounting Policies

5.1 Basis of Accounting

These financial statements have been prepared on an accruals basis and are based on historical costs, except for investments and investment properties which are measured at fair value.

Cost is based on the fair values of the consideration given in exchange for assets. The financial statements are presented in Australian dollars, which is the co-operative's functional currency.

Note 5: Significant Accounting Policies (cont'd)**5.2 Revenue Recognition**

Revenue is recognised in accordance with AASB 15 Revenue from Contracts with Customers when a contract with a customer contains performance obligations to transfer goods or services to the customer that are sufficiently specific to determine when the obligation has been satisfied. The transaction price is allocated to one or more performance obligations contained within the contract, with revenue being recognised as or when the performance obligation is satisfied.

Revenue is measured at the amount which the organisation expects to receive in consideration for satisfying its performance obligations to a customer. Where consideration comprises variable components, the amount recognised as revenue is constrained to that amount that would not result in a significant reversal of the cumulative revenue recognised when that uncertainty is resolved.

Sale of Goods

Revenue from the sale of goods is recognised at the point of the delivery as this corresponds to the transfer of control of the goods and satisfaction of the performance obligation.

Supplier Case Allowance Revenue

Supplier case allowance revenue is recognised at the point of delivery of the goods to which the case allowance revenue relates. This is the point that transfer of control of the goods from the supplier to the purchaser, and satisfaction of the performance obligation for the sale of the goods occurs. The satisfaction of the performance obligation to recognise supplier case allowance revenue occurs simultaneously to the satisfaction of the performance obligation for the sale of the goods.

Where additional performance obligations are set by the supplier, the case allowance revenue is recognised on satisfaction of additional the performance obligation. This may be the end of a promotional period.

Supplier Terms Revenue

Supplier terms revenue is recognised at the point of delivery of the goods to which the supplier terms revenue relates. This is the point that transfer of control of the goods from Statewide Independent Wholesalers to the purchaser, and satisfaction of the performance obligation for the sale of the goods occurs. The satisfaction of the performance obligation to recognise supplier terms revenue occurs simultaneously to the satisfaction of the performance obligation for the sale of the goods.

Charge Through

Charge through revenue (from providing extended supplier trading terms to members) is recognised on a net basis and is recognised at the point where the payment is made to the supplier.

Investment Revenue

Investment revenue when the right to receive payment is established. Differences between the net fair values of investments at the reporting date and their net fair values at the previous reporting date (or cost of acquisition if acquired during the financial year) are recognised as a revenue or expense in the statement of comprehensive income in the reporting period in which the changes occur.

Other

Other revenue are recognised as income upon receipt of those fees.

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

5.3 Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Co-operative's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Co-operative has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

5.4 Property, plant and equipment

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

Land

Land that is vacant or held for use in production or administration is carried at acquisition cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings, Plant and Equipment & Motor vehicles

Buildings, Plant and Equipment & Motor vehicles are initially recognised at acquisition cost.

Depreciation

Depreciation is recognised on either a straight-line or diminishing value basis, dependent to managements assessment of the use of the asset, to write down the cost less estimated residual value. The following useful lives are applied:

| Class of fixed asset | Useful life |
|-----------------------------|--------------------|
| Buildings | 20-40 years |
| Plant & Equipment | 2-20 years |
| Motor vehicles | 4-8 years |

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

5.5 Leases

At inception of a contract, the Company assesses whether a lease exists.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

The Co-operative has chosen not to apply AASB 16 to leases of intangible assets.

At the lease commencement, the Co-operative recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Co-operative believes it is reasonably certain

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Co-operative's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Co-operative's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or the remeasurement is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

5.5 Leases (cont'd)

Exceptions to lease accounting

The Co-operative has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Co-operative recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Lessor accounting

When the Co-operative is a lessor, the lease is classified as either an operating or finance lease at inception date based on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.

The lease income from operating leases is recognised on a straight line basis over the lease term. Finance income under a finance lease is recorded on a basis to reflect a constant periodic rate of return on the Co-operative's net investment in the lease.

5.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using an average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

5.7 Financial Instruments

Recognition and initial measurement

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Co-Operative becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Co-Operative changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortised cost if it is not designated as at FVTPL and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not classified as measured as amortised cost as described above are measured at FVTPL. On initial recognition, the Co-Operative may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

5.7 Financial Instruments (cont'd)

Financial assets at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest and dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial liabilities at FVTPL

A financial liability is classified at FVTPL if it is classified as held-for-trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Financial liabilities at amortised cost

Other financial liabilities, not included as financial liabilities at FVTPL, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Co-Operative derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Co-Operative neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Co-Operative enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Co-Operative derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Co-Operative also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Co-Operative currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Measurement of fair values

All equity securities are traded on an active market and are revalued at the closing unit price on the balance day.

5.8 Investment in Associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

Investments in associates and joint ventures are accounted for using the equity method.

Any goodwill or fair value adjustment attributable to the co-operative's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the co-operative's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the co-operative.

5.9 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are reviewed annually and are included in the statement of financial position at their open market value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property. Valuations are completed by external valuers every 2 to 3 years, or when management believes there has been a material shift in value.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within change in fair value of investment property.

5.10 Operating Lease

The Co-Operative leases out its investments property (St Helens Central). The Co-Operative has classified all the leases for this property as operating leases, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The below maturity analysis of lease payments shows the undiscounted lease payments to be received after the reporting date. Lease payments for unexercised options have not been reported.

| | 2022 | 2021 |
|----------------------|------------------|------------------|
| Less than one year | 586,011 | 555,611 |
| One to five years | 1,219,794 | 1,352,422 |
| More than five years | - | - |
| Total | 1,805,805 | 1,908,033 |

Rental income and operating expenses from investment property are reported within revenue and other expenses respectively, and are recognised as described in the Revenue Note.

5.11 Intangibles

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

5.12 Employee benefits**Short-term employee benefits**

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Contributions to defined contribution plans recognised as an expense in profit & loss in 2022 totaled \$723,492 (2021: \$598,787)

Other long-term employee benefits

The co-operatives's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The co-operatives presents employee benefit obligations as current liabilities in the statement of financial position if the co-operatives does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the co-operative has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the co-operative and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the co-operative can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

5.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

5.14 Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the co-operative 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.

5.15 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

5.16 Comparative figures

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

Where the co-operative has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

5.17 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the co-operative at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the co-operative's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the co-operative's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash generating unit's recoverable amount exceeds its carrying amount.

5.18 Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

| | 2022 | 2021 |
|--|-------------|-------------|
| | \$ | \$ |

Note 6: Operating Profit

Profit from ordinary activities before income tax expense has been determined after:

(a) Revenue and Net Gains

| | | |
|--|-------------------|-------------------|
| Sales of goods - Island Fresh Produce | 30,311,534 | 27,649,492 |
| Less interdivisional sales | (640,756) | (646,540) |
| Sales of goods - TIR retail operations | 1,502,161 | 1,749,349 |
| Sales of goods - IGA Brighton | 11,830,984 | 10,800,288 |
| | <u>43,003,923</u> | <u>39,552,589</u> |

(b) Expenses

| | | |
|------------------------------|---------|---------|
| Bad & doubtful debts | 11,345 | 1,106 |
| Remuneration of the auditor: | | |
| - audit or review | 15,000 | 14,400 |
| - other services | 2,550 | 1,500 |
| Conference expenses | 211,018 | 96,530 |
| Non-member rebates | 336,640 | 330,625 |
| Insurance | 426,855 | 408,610 |
| - Retail operations | 42,792 | 25,514 |
| - other | 52,569 | 18,498 |
| New store rebate | 91,465 | 105,107 |

Note 7: Income Tax Expense**Current income tax reconciliation:**

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

| | | |
|--|-----------------------|-----------------------|
| Profit from ordinary activities before income tax | 2,108,727 | 2,906,036 |
| Effective tax rate | 30% | 30% |
| Expected tax expense | <u>632,618</u> | <u>871,811</u> |
| Adjustment for: | | |
| - relating to equity accounted investments | (98,505) | (110,332) |
| - franking and other tax credits | (22,481) | (14,608) |
| - Prior years under/(over) provision of income tax | - | (16,489) |
| Income tax expense attributable to profit from ordinary activities | <u><u>511,632</u></u> | <u><u>730,382</u></u> |

Tax expense comprises:

| | | |
|---|-----------------------|-----------------------|
| Current income tax expense/(benefit) | 740,500 | 705,138 |
| Deferred tax (income)/expense relating to the origination and reversal of temporary differences | (228,868) | 25,244 |
| Total income tax expense | <u><u>511,632</u></u> | <u><u>730,382</u></u> |

Note 8: Cash Assets

| | | |
|--------------|--------------------------|--------------------------|
| Cash on hand | 400 | 700 |
| Cash at bank | 13,664,864 | 12,531,257 |
| | <u><u>13,665,264</u></u> | <u><u>12,531,957</u></u> |

| | 2022 \$ | 2021 \$ |
|---|-------------------|-------------------|
| Note 9: Receivables | | |
| Trade debtors | 6,350,305 | 5,861,401 |
| Provision for impairment of receivables | (40,596) | (29,250) |
| | <u>6,309,709</u> | <u>5,832,151</u> |
| Impairment losses | | |
| An impairment loss on trade receivables of \$11,346 was recognised in the 2022 financial year (nil in 2021). The loss allowance for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The expected loss rates applied at 30 June 2022 vary from 25-75%. | | |
| Note 10: Inventories | | |
| Stock on hand | <u>1,362,312</u> | <u>1,247,227</u> |
| Note 11: Finance lease assets | | |
| Lease receivable - current | 220,978 | 213,052 |
| Lease receivable - non-current | 899,853 | 1,120,831 |
| | <u>1,120,831</u> | <u>1,333,883</u> |
| Note 12: Other Assets | | |
| Current | | |
| Prepayments | <u>135,636</u> | <u>180,325</u> |
| | <u>135,636</u> | <u>180,325</u> |
| Non-current | | |
| Loan to other corporations | <u>337,637</u> | <u>400,384</u> |
| | <u>337,637</u> | <u>400,384</u> |
| Total other assets | <u>473,273</u> | <u>580,709</u> |
| Note 13: Financial Assets | | |
| Listed equities | 37,566 | 35,351 |
| Listed unit trusts | 145,446 | 192,547 |
| Unlisted trusts | 4,297,640 | 4,873,416 |
| | <u>4,480,652</u> | <u>5,101,314</u> |
| Current | - | - |
| Non-current | <u>4,480,652</u> | <u>5,101,314</u> |
| | <u>4,480,652</u> | <u>5,101,314</u> |

\$ \$

Note 14: Investment in associated entities

Interest are held in the following associated companies:

Statewide Independent Wholesalers Ltd

| | | | |
|----------------------|------------------|-----|-----|
| - Principal activity | Food wholesaling | | |
| - Ownership interest | | 40% | 40% |

Statewide Independent Wholesalers Limited engages in the wholesale of food and grocery products in Tasmania. The company was incorporated in 1979 and is based in Western Junction, Tasmania. Statewide Independent Wholesalers Limited operates as a jointly owned company of Tasmanian Independent Retailers Co-operative Society Ltd and Woolworths Group Limited.

Note 14: Investment in associated entities (Cont.)**a) Movements during the year in equity accounted investments in associated companies**

| | | |
|--|-------------------|-------------------|
| Balance at beginning of the financial year | 21,714,828 | 21,347,054 |
| Share of associated company's net profit/(loss) after income tax | 328,350 | 367,774 |
| Balance at end of the financial year | <u>22,043,178</u> | <u>21,714,828</u> |

b) Equity accounted associate profits are broken down as follows

| | | |
|--|----------------|----------------|
| Share of associates net profit before income tax expense | 469,072 | 488,670 |
| Share of associates income tax (expense)/benefit | (140,722) | (120,896) |
| Share of associates net profit after income tax expense | <u>328,350</u> | <u>367,774</u> |

c) Summarised presentation of aggregate assets, liabilities and performance of associates

| | | |
|--|--------------------|--------------------|
| Current assets | 183,899,883 | 157,120,128 |
| Non-current assets | 126,701,031 | 132,057,709 |
| Total assets | <u>310,600,914</u> | <u>289,177,837</u> |
| Current liabilities | 121,768,839 | 98,266,522 |
| Non-current liabilities | 134,724,132 | 137,624,247 |
| Total liabilities | <u>256,492,971</u> | <u>235,890,769</u> |
| Net assets | <u>54,107,943</u> | <u>53,287,068</u> |
| Revenue | 1,298,555,670 | 1,257,149,747 |
| Profit/(Loss) after income tax expense | <u>820,875</u> | <u>919,435</u> |

d) Sales to members

| | | |
|--------------------------------------|--------------------|--------------------|
| Sales from SIW to TIR members | 291,995,199 | 275,120,769 |
| Special distribution from SIW to TIR | - | 305,647 |
| | <u>291,995,199</u> | <u>275,426,416</u> |

2022
\$

2021
\$

Note 15: Investment Property

Refer Note 5.9. Investment properties includes a shopping centre complex located in St Helens, Tasmania and the Directors of the co-operative consider the property to be a strategic asset for the co-operative. The property is leased on an arm's length basis.

| | | |
|------------------------------------|------------------|------------------|
| Balance at 1 July | 5,900,000 | 5,900,000 |
| Capitalised subsequent expenditure | 27,514 | - |
| Change in fair value | (27,514) | - |
| | <u>5,900,000</u> | <u>5,900,000</u> |

Note 16: Property, Plant & Equipment

Reconciliation of carrying amount

| | Land | Buildings | Plant and Equipment | Motor Vehicles | Total |
|--|------------------|------------------|------------------------|------------------|------------------|
| Balance as at 01 July 2021 | | | | | |
| Gross carrying amount | 2,002,627 | 5,137,443 | 2,773,383 | 3,560,235 | 13,473,688 |
| Accumulated depreciation and impairment losses | - | (1,051,028) | (2,013,161) | (2,149,133) | (5,213,322) |
| Net carrying amount as at 01 July 2021 | 2,002,627 | 4,086,415 | 760,222 | 1,411,102 | 8,260,366 |
| Additions | | 188,248 | 358,320 | 396,454 | 943,022 |
| Depreciation | - | (145,035) | (182,966) | (310,030) | (638,031) |
| Disposals: gross carrying amount | (230,000) | (43,453) | (178,117) | (1,008,919) | (1,460,489) |
| Disposals: depreciation offset | - | 22,543 | 170,325 | 846,524 | 1,039,392 |
| Net carrying amount at 30 June 2022 | 1,772,627 | 4,108,718 | 927,784 | 1,335,131 | 8,144,260 |
| Balance as at 30 June 2022 | | | | | |
| Gross carrying amount | 1,772,627 | 5,282,238 | 2,953,586 | 2,947,770 | 12,956,221 |
| Accumulated depreciation and impairment losses | - | (1,173,520) | (2,025,802) | (1,612,639) | (4,811,961) |
| Net carrying amount at 30 June 2022 | 1,772,627 | 4,108,718 | 927,784 | 1,335,131 | 8,144,260 |

Note 17: Right-of-use Assets

Net carrying amounts

| | | |
|-----------|---------|---------|
| Buildings | 263,218 | 368,506 |
|-----------|---------|---------|

Movement during the period

| | Buildings \$ | Total \$ |
|------------------------|-----------------|----------------|
| Opening Balance | 368,506 | 473,793 |
| Remeasurement | - | |
| Depreciation | (105,287) | (105,287) |
| Closing Balance | <u>263,218</u> | <u>368,506</u> |

Depreciation

Right-of-use assets are depreciated using the straight line method from the commencement date of the lease term.

Note 18: Deferred Tax Assets

| | Net balance at 01 July 2021 | Recognised in profit or loss | Net balance as at 30 June 2022 |
|--|--------------------------------|---------------------------------|-----------------------------------|
| Investment property | (488,232) | (19,985) | (508,217) |
| Right-of-use asset | (110,552) | 31,586 | (78,966) |
| Equity securities | (114,357) | 263,164 | 148,807 |
| Provisions | 371,337 | 183 | 371,520 |
| Trade and other receivables | 8,775 | 3,404 | 12,179 |
| Trade and other payables | 497,116 | (18,751) | 478,365 |
| Lease asset | (400,165) | 63,916 | (336,249) |
| Lease liabilities | 512,672 | (94,649) | 418,023 |
| Tax asset / (liability) - set-off | 276,594 | 228,868 | 505,462 |

| | 2022 | 2021 |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| Note 19: Intangible Assets | | |
| Preliminary expenses | 55 | 55 |
| Trademarks | 1,715 | 1,715 |
| Goodwill at cost | 1,003,661 | 1,003,661 |
| | <u>1,005,431</u> | <u>1,005,431</u> |

Note 20: Payables**Current**

| | | |
|------------------|-------------------|------------------|
| Trade creditors | 8,596,111 | 8,300,513 |
| Accrued expenses | 1,594,550 | 1,657,053 |
| | <u>10,190,660</u> | <u>9,957,566</u> |

Note 21: Lease Liabilities**Secured**

| | | |
|-------------|------------------|------------------|
| Current | 331,187 | 319,309 |
| Non-current | 1,062,221 | 1,389,597 |
| | <u>1,393,408</u> | <u>1,708,906</u> |

Significant leasing arrangements

The co-operative leases land and buildings. Lease liabilities represent the discounted future rental payments payable by the co-operative under the leasing instrument using the Co-Operatives incremental borrowing rate of 3.72%.

Leased property includes:

- Property with a negotiated term of 15 years. CPI increases are applied annually with a market evaluation conducted every 5 years. The lease includes 4x 5 year options, totalling 20 years. The initial term expires in March 2027. The co-operative has not recognised the extension options in the lease liability, as it is not reasonably certain they will be exercised.
- Property with a negotiated term of 4.5 years. CPI increases are applied annually. The lease expires in December 2024.

Future minimum lease payments

The future minimum undiscounted lease payments arising under the company's lease contracts at the end of the reporting period are as follows:

| | | |
|--|------------------|------------------|
| - Not longer than one year | 379,069 | 379,069 |
| - Longer than one but not longer than five years | 1,153,320 | 1,532,389 |
| | <u>1,532,389</u> | <u>1,911,458</u> |

Short-term leases and leases of low value assets

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented with 'Property and occupancy expenses' in the profit and loss.

The short-term lease expense of \$210,199 has been recognised.

| | 2022 \$ | 2021 \$ |
|--|----------------|----------------|
| Note 22: Interest Bearing Liabilities | | |
| Current | | |
| Asset purchase liability | 179,231 | 220,563 |
| | <u>179,231</u> | <u>220,563</u> |
| Non-current | | |
| Asset purchase liability | 102,547 | 185,172 |
| | <u>102,547</u> | <u>185,172</u> |
| | <u>281,778</u> | <u>405,735</u> |

Asset purchase liabilities are secured over vehicles with a carrying value of \$407,367. Interest rates range between 2.85-4.77%. Repayments are made by equal instalments over a 3-year term.

Note 23: Provisions

| | | |
|----------------------------------|------------------|------------------|
| Current | | |
| Employee entitlements | 908,704 | 1,073,796 |
| | <u>908,704</u> | <u>1,073,796</u> |
| Non-current | | |
| Employee entitlements | 329,697 | 163,993 |
| | <u>329,697</u> | <u>163,993</u> |
| | <u>1,238,401</u> | <u>1,237,789</u> |
| Number of employees at year end: | 137 | 136 |

Note 24: Current tax liabilities

| | | |
|--------------------|---------------|----------------|
| Current | | |
| Income tax payable | 92,911 | 363,235 |
| | <u>92,911</u> | <u>363,235</u> |

Note 25: Contributed Equity

| | | |
|--|-----------------|--------------|
| 3,300 (2021: 3,500) fully paid ordinary shares | 6,600 | 7,000 |
| | <u>6,600</u> | <u>7,000</u> |
| Share Capital | Ordinary Shares | \$ |
| In issue at 1st July 2021 | 3,500 | 7,000 |
| Issued for cash | 150 | 300 |
| Redeemed for cash | (350) | (700) |
| In issue at 30th June 2022 - fully paid | <u>3,300</u> | <u>6,600</u> |

(a) Ordinary shares participate in dividends and proceeds on winding up of the co-operative in proportion to the number of shares held.

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.

Note 26 Retained Profits

| | | |
|--|-------------------|-------------------|
| Retained profit at the beginning of the financial year | 50,472,736 | 48,297,081 |
| Profit from ordinary activities after income tax expense | 1,597,095 | 2,175,655 |
| Transfer from reserves | | |
| Retained profit at the end of the financial year | <u>52,069,832</u> | <u>50,472,736</u> |
| Franking account balance (tax paid basis) | <u>13,399,978</u> | <u>12,392,153</u> |

Note 27: Related party transactions**Transactions with Directors**

The Directors and entities associated with Directors of the co-operative, own and operate businesses that transact with the co-operative in the normal course of business. Unless otherwise stated below, none of the transactions incorporate special terms and conditions more favourable than other co-operative members.

Lease - Spreyton IGA

The co-operative is the head leasee of the Spreyton IGA building. An entity associated with Director Michael Baxter, is the property land owner. The Directors consider the property to be a strategic location for the co-operative and the terms of the lease were negotiated and are considered to be no more favourable than available to other members. There is no net cost to the co-operative being involved in the lease. The head lease expires in March 2027, with 4x5 year options. A lease liability of \$1,120,881 has been recognised on the balance sheet, with the same recognised as a lease receivable from the sub-lease.

Lease - St Helens IGA

The co-operative owns the St Helens Central shopping complex, at which both the St Helens IGA and Tasmania Shop are tenants. An entity associated with Director Kemuel Wood, Casmek Investments Pty Ltd, is the lessee of both the tenancies. Neither lease was entered into while Mr Wood was a director of the Co-Operative. The terms of the lease were negotiated on commercial terms and are not considered favourable to the tenant. The current lease term for the IGA expires in 2025, with options to extend until 30 June 2055. The current lease term for the Tasmania Shop expires on 01 March 2024, with an option to renew for a further 5 years. Rent for the year ended 30 June 2022 totalled \$427,179 (plus on-costs) for both tenancies.

Note 28: Fair value measurements

Fair value measurements are classified using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy comprises the following three levels:

Level 1 fair value measurements are derived from unadjusted quoted prices in active markets for identical assets or liabilities. The co-operative's primary level 1 financial instruments comprise its direct investment in listed Australian equities.

Level 2 fair value measurements are based on market observable inputs other than quoted prices, including dealer quotations or alternative pricing sources and models. The observable inputs include prices and/or those derived from prices. The co-operative's level 2 financial instruments primarily comprise investments in:

- unlisted managed investment trusts where the prices of units are either published on the investment managers' websites and/or circulated among market participants as executable quotes. The co-operative holds units in managed investment trusts that invest in listed Australian and international equities, property, infrastructure and fixed income.

Level 3 fair value measurements are based on significant unobservable inputs where the fair values are derived from valuation techniques based on assumptions that are not supported by observable market data. Level 3 instruments include investments that are not based on market inputs or securities that are in an inactive/illiquid market and are valued using models and internal data. Financial assets classified as level 3 comprise the co-operative's investments in investment properties. As these investments are not traded in an active market their fair value at reporting date is based on the fair values determined by appropriately skilled independent valuers.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable" requires significant judgement and it is considered that observable data is market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

| 30-June-2022 | | | | |
|--|----------------|------------------|-------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Recurring fair value measurements | | | | |
| Financial assets | 183,012 | 4,297,640 | - | 4,480,652 |
| Investment property | - | - | 5,900,000 | 5,900,000 |
| Receivables | - | - | 6,309,709 | 6,309,709 |
| | <u>183,012</u> | <u>4,297,640</u> | <u>12,209,709</u> | <u>16,690,361</u> |
| 30-June-2021 | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Recurring fair value measurements | | | | |
| Financial assets | 227,898 | 4,873,416 | - | 5,101,314 |
| Investment property | - | - | 5,900,000 | 5,900,000 |
| Receivables | - | - | 5,832,151 | 5,832,151 |
| | <u>227,898</u> | <u>4,873,416</u> | <u>11,732,151</u> | <u>16,833,465</u> |

Accounting classifications

The following table shows the carrying amounts of financial assets and financial liabilities:

| | 2022 | 2021 |
|--|------------------|------------------|
| Financial assets measured at fair value through profit or loss | | |
| Equity securities | 4,480,652 | 5,101,314 |
| | <hr/> 4,480,652 | <hr/> 5,101,314 |
| Financial assets measured at amortised cost | | |
| Cash and cash equivalents | 13,665,264 | 12,531,957 |
| Trade receivables | 6,309,709 | 5,832,151 |
| Loans to other corporations | 337,637 | 400,384 |
| Loan to an associate | 399,600 | 399,600 |
| | <hr/> 20,712,210 | <hr/> 19,164,092 |
| Financial liabilities measured at fair value through profit or loss | | |
| | <hr/> - | <hr/> - |
| Financial liabilities measured at amortised cost | | |
| Secured bank loans | 281,778 | 405,735 |
| Trade payables | 10,190,660 | 9,957,566 |
| | <hr/> 10,472,438 | <hr/> 10,363,301 |

Note 29: Key management personnel information**Non-executive Director remuneration**

Non-executive Director remuneration is agreed to by the members at each AGM.

The following table discloses the remuneration details for each person that acted in a key management personnel position during the financial year:

| Name | Position | Director fee |
|----------------|------------------------------|---------------------|
| | | 30-June-2022 |
| Michael Baxter | Chairman | 30,665 |
| Peter Aulich | Director (Finished 24/11/21) | 5,090 |
| Kemuel Wood | Director (Started 24/11/21) | 5,090 |
| Brett Mackay | Director | 10,180 |
| Chris Hill | Director | 10,180 |
| Mark Colson | Director | 10,180 |
| | | 71,385 * |
| | | 30-June-2021 |
| Michael Baxter | Chairman | 13,942 |
| Peter Aulich | Director | 5,872 |
| Brett Mackay | Director | 7,864 |
| Chris Hill | Director | 7,864 |
| Mark Colson | Director | 7,864 |
| | | 43,406 * |

*Travel Allowance (Reimbursement)

2022 fees exclude travel allowance calculated using rate of 75 cents per kilometre.

2021 fees have been restated to exclude travel allowance that was included in reportable remuneration in 2021.

FINANCIAL REPORT NOTES TO THE FINANCIAL STATEMENTS

Key management personnel remuneration

Remuneration levels for key management personnel are set in accordance with the current co-operative Remuneration Guidelines. Under these Guidelines, remuneration is assessed against various industry bands and benchmarks.

The employment terms and conditions of key management personnel are contained in individual employment contracts and prescribe total remuneration, superannuation, motor vehicle and salary sacrifice provisions. In addition to their salaries, the co-operative also provides non-cash benefits and contributes to post-employment superannuation plans on their behalf. The performance of each key management personnel, is reviewed annually which includes a review of the remuneration package

The following table discloses the remuneration details for persons that acted in a key management personnel position during the financial year:

| Name | Position | Base Salary 1 | Super- annuation 2 | Motor vehicle 3 | Other 4 | Other non- cash benefits 5 | Total remun- eration |
|---------------------|--|------------------|--------------------------|--------------------|------------|----------------------------------|-------------------------|
| 30-June-2022 | | | | | | | |
| Grant Hinchcliffe | CEO | | | | | | |
| Ian Heyburn | Head of Island Fresh Produce (on leave - finished 29/04/22) | | | | | | |
| Glenn Sullivan | Head of Island Fresh Produce | | | | | | |
| Ron Barker | Head of Merchandising & Supplier Engagement (on leave from 02/11/21 finished 24/06/22) | | | | | | |
| Joel Zamek | Head of Merchandising & Supplier Engagement (started 02/08/21) | | | | | | |
| Craig Smith | Head of Member Services | | | | | | |
| Richard Oliver | Head of Member Operations (started 02/08/21) | | | | | | |
| Stuart Main | Head of Finance (finished 01/09/21) | | | | | | |
| Mitchell Kay | Financial Accountant (started 08/11/21) | | | | | | |
| Nicole McCullagh | Head of People & Culture | | | | | | |
| Gary Sutherland | Head of Promotions, Special Projects & Insights | | | | | | |
| Travis Allen | Head of Marketing | | | | | | |
| Glenn Rainsford | Head of Information Technology & Commercial Partnerships (finished 30/06/22) | | | | | | |
| Tim Bednarz | IT & Retail Technology Specialist (started 26/04/22) | | | | | | |
| Peter Martin | Head of Safety, Health & Environment (finished 12/11/21) | | | | | | |
| Melissa Axford | Safety, Health & Environment Specialist (started 31/01/22) | | | | | | |
| | | 1,916,723 | 189,814 | 28,027 | - | (183,565) | 1,950,998 |
| 30-June-2021 | | | | | | | |
| Grant Hinchcliffe | CEO | | | | | | |
| Ian Heyburn | Head of Island Fresh Produce (on leave from 26/03/21) | | | | | | |
| Glenn Sullivan | Head of Island Fresh Produce (started 11/03/2021) | | | | | | |
| Ron Barker | Head of Merchandising & Supplier Engagement | | | | | | |
| Craig Smith | Head of Member Services | | | | | | |
| Stuart Main | Head of Finance | | | | | | |
| Nicole McCullagh | Head of People & Culture | | | | | | |
| Gary Sutherland | Head of Promotions, Special Projects & Insights | | | | | | |
| Travis Allen | Head of Marketing | | | | | | |
| Glenn Rainsford | Head of Information Technology & Commercial Partnerships | | | | | | |
| Peter Martin | Head of Safety, Health & Environment (started 08/02/2021) | | | | | | |
| | | 1,370,614 | 128,978 | 11,767 | - | (52,868) | 1,458,491 |

¹ Gross salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² Superannuation means the contribution to the superannuation fund of the individual.

³ Vehicle costs represent the total cost of business and private use of vehicles provided to executives as part of their remuneration.

⁴ Other benefits includes all forms of employment allowances, payments in lieu of leave, gifts from suppliers and any other compensation paid and payable.

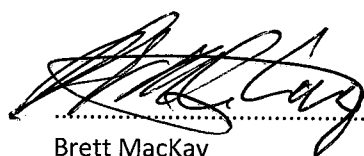
⁵ Other non-cash benefits include movements in provisions for annual leave and long service leave.

DIRECTORS' DECLARATION

The directors of the co-operative declare that:

1. the financial statements and notes of the co-operative are in accordance with the Co-operatives National Law (Tasmania) Act 2015, including:
 - a. giving a true and fair view of the co-operative's financial position as at 30 June 2022 and of its performance for the year ending on that date; and
 - b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Regulations.
2. 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.

Signed in accordance with a resolution of the directors made pursuant to section 273(5)(a) of Co-operatives National Law (Tasmania) Act 2015.



Brett MacKay



Michael Baxter

Dated: 26 October 2022

INDEPENDENT AUDITOR'S DECLARATION

We declare that, to the best of our knowledge and belief, in relation to the audit of the financial year ended 30 June 2022, there have been no contraventions of:

- i. the auditor's independence requirements as set out in the *Co-operatives National Law (Tasmania) Act 2015* and adopted in relation to this audit; and
- ii. any applicable code of professional conduct in relation to the audit.



GREGORY HARPER
Registered Company Auditor
ASIC Registration #: 337294

46 Cameron Street
Launceston Tas 7250

Dated: 27 October 2022

INDEPENDENT AUDITOR'S REPORT



CAMERONS

INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF TASMANIAN INDEPENDENT RETAILERS CO-OPERATIVE SOCIETY LTD

Opinion

We have audited the financial report, being a general purpose financial report of Tasmanian Independent Retailers Co-Operative Society Ltd ("the Co-operative") for the year ended 30 June 2022, which comprises the statement of financial position as at 30 June 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

In our opinion, the accompanying financial report of Tasmanian Independent Retailers Co-Operative Society Ltd is in accordance with:

- a) the *Co-operatives National Law (Tasmania) Act 2015*, including:
 - i. giving a true and fair view of the Co-operative's financial position as at 30 June 2022 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
 - ii. complying with Accounting Standards in Australia to the extent described in Note 1; and

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 Co-operative in accordance with the auditor independence requirements of the *Co-operatives National Law (Tasmania) Act 2015* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Co-operatives National Law (Tasmania) Act 2015*, which has been given to the directors of the Co-operative, 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 audit opinion.

The Responsibility of the Directors for the Financial Report

The Co-operative's directors are responsible for the preparation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the *Co-operatives National Law (Tasmania) Act 2015* and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal controls relevant to enable the financial report be true and fair and free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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 scepticism 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 Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibility for the Audit of the Financial Report (Cont.)

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 Company'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 Company 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.

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.

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.



GREGORY HARPER

Registered Company Auditor
ASIC Registration #: 337294

46 Cameron Street
Launceston Tas 7250

Dated: 27 October 2022

NOTES



Image: Winner IGA X-Press Store of The Year – IGA X-Press West Hobart (Hill St Grocer)



Image: Winner IGA Medium Format Store of The Year – IGA Sandy Bay (Hill St Grocer)



Image: Winner IGA Large Format Store of The Year – IGA Bay of Fires, St Helens



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Tasmanian Independent Retailers

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