



ANNUAL REPORT 2020/2021



tasmanian
independent
retailers

OUR PILLARS



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 85 outlets as at 30 June 2020.

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.



Tasmanian Independent Retailers

8 Translink Ave, Western Junction, Australia, Tas 7212

03 6391 0200

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www.tir.com.au



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.



Island Fresh Produce

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

03 6341 1900

www.tir.com.au/ifp/



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.



Statewide Independent Wholesalers

8 Translink Ave, Western Junction, Australia, Tas 7212

03 6391 0800

www.tir.com.au/siw/

MEMBER NETWORK

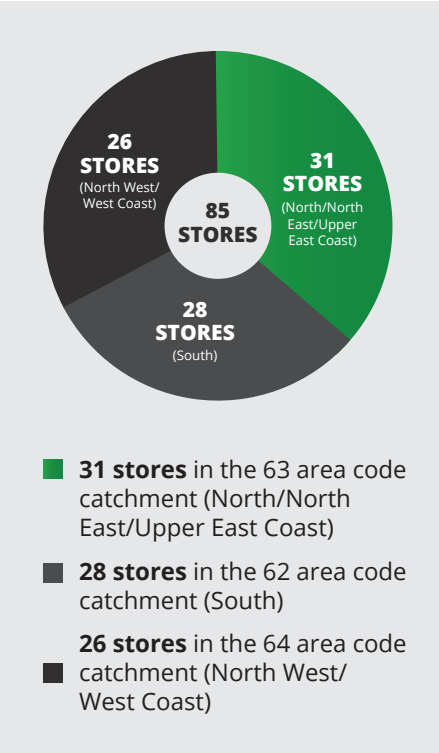
TIR's Member Network consist of 85 IGA retail outlets across Tasmania trading under the IGA or IGA X-press banners. Most of the network is represented by single store operators (SSO) with 4 multi store operators (MSO) representing 17 of the 85 IGA retail outlets.

Member retail sales during this reporting period are \$606.5M (Approx.) which places the IGA Group market share in Tasmania at 20.26%.

OUR LOCATION SPREAD

OF THE 83 STORES

OUR VALUES



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

WE ARE HERE TO SUPPORT OUR MEMBERS

WE ARE OPEN AND HONEST

WE GROW AND INNOVATE

WE CARE AND LISTEN

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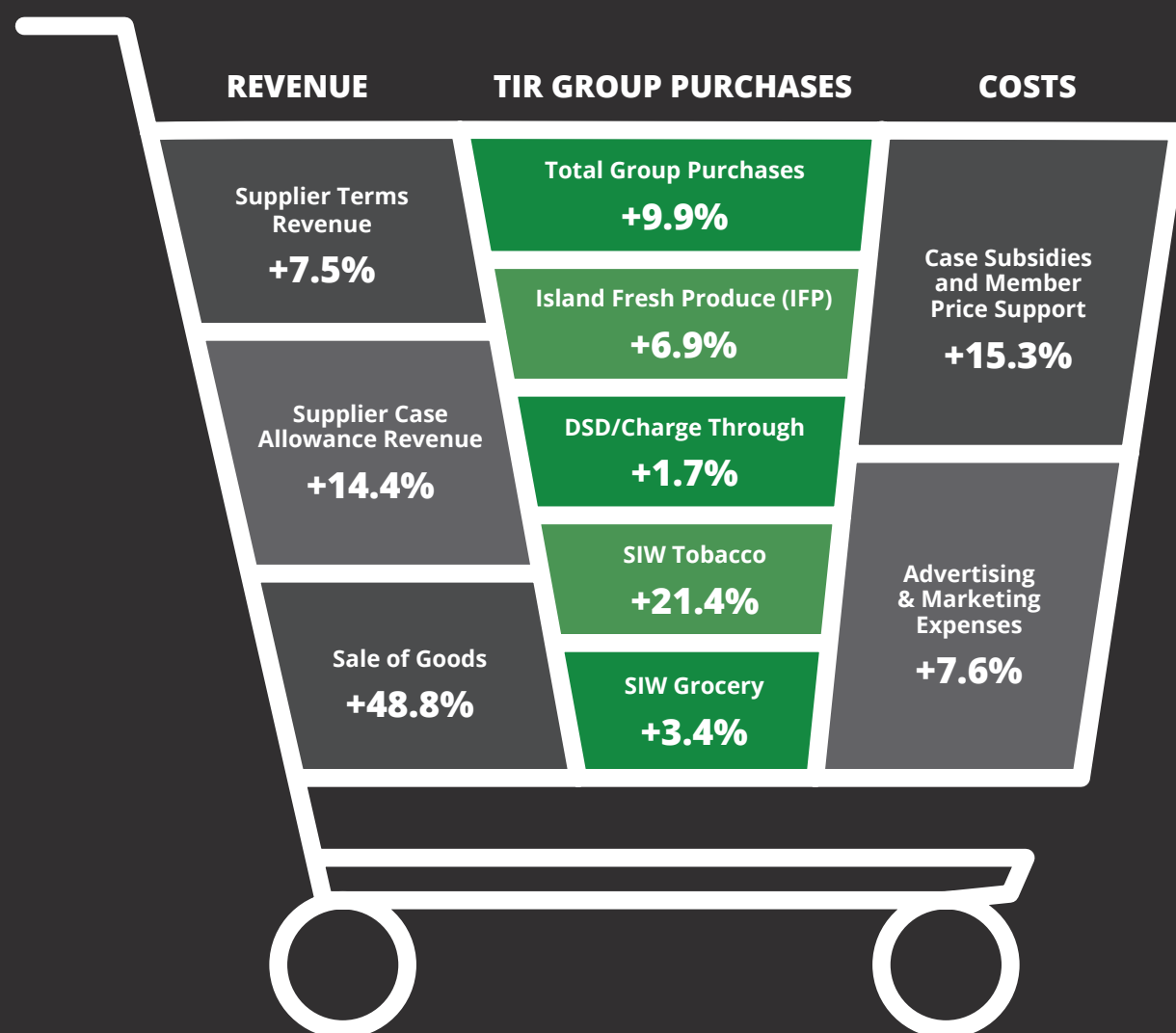
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WELCOME

It is with great pleasure that we present the 2020/21 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 **19.1%** **MEMBER REBATES (PIP & EDF)**

PROFIT **\$2.9M** **PROFIT BEFORE TAX**

FY22 OUTLOOK

The current outlook for 2021/2022 trading period based on the first three months of trading indicates that sales are meeting budgeted expectations.

We are cycling through the post Covid conditions from 2020 and comparisons to the same period last year reflect a lower rate of growth however, this was taken into account when setting our 3% budgeted growth for 2021/2022 period. IFP is also reporting record sales for members year to date with Tonnage (Volume) up 25% which is very encouraging.



SIW Member Total \$ Purchases July to Sept 21

+3.29%
Growth Trend



SIW Member Cigarettes \$ Purchases July to Sept 21

+3.21%
Growth Trend



IFP Tonnage (Volume)

+25%
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 FY21 of \$1.507M, bringing total allocations since inception totalling \$13.521M.

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

It is with great pleasure that I present the Chairman's Report to Members for the 12-month trading period 30 June 2021.



I start by commending all members on their individual successes for the past 12 months, along with the ongoing support provided to TIR and Statewide Independent Wholesalers (SIW).

Our group trading results were very pleasing, and I commend TIR and our member network on the outcomes attained for FY21 with a corresponding Net Profit of \$2.912M.

It is also pleasing to note that the Co-Op's rebate distributions to members for FY21 was \$7.837M – which represents the largest rebate distribution to members ever. This is a fantastic result and one that clearly highlights the benefits that can be attained via our Co-Op model and the consolidation of members purchases and support, which will be an ongoing focus for the board over the coming 12 months and beyond.

SIW continues to provide an excellent level of service and support to our member network, particularly when referenced to the ongoing impact on the vendor supply chains due to the pandemic, along with their one-off “snow” event. I’m hopeful the coming 12 months may see a return to a more “normal” and “non interrupted” trading period for SIW and all of its customers.

IFP traded exceptionally well during FY21, and we also welcomed a new Head of IFP to the business in March 2021. Glenn Sullivan has been a key driver for change within the IFP business since starting, and along with Josh Cresswell and the wider IFP leadership team, they will continue to drive change that will benefit our member network. I also congratulate Ian Heyburn on his retirement and thank him for the 20 years of service provided to TIR and our member network.

From a board perspective, we have maintained our ongoing focus on continuous improvement within the business along with the broader support that TIR provides to our member network. I feel much has been achieved in this space, with the process of reform and improvement continuing.

I also appreciate the support for the members’ survey process and the feedback provided, be it positive or negative. Such feedback is essential and helps the board and executive determine the key focus areas for improvement and further development within our Co-Operative.

The board is also actively involved in the Strategic Plan Process, with our current Strategy Plan now reaching past the halfway mark. Delivering on the key initiatives and measures are imperative, with many already actioned

and in place, with others still requiring input and finalisation over the coming 12-18 months.

In closing, I would like to acknowledge and thank all TIR Group Team Members (all employees) for their ongoing support, loyalty, and dedication to TIR and our member network.

I also thank my fellow Directors for their ongoing support of me as Chairman of the board, along with the personal commitment they make towards the Co-Operative as Directors.

Best Regards & Good Trading

Michael Baxter

Signature

Chairman of the TIR Board.

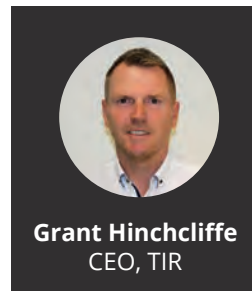


Our group trading results were very pleasing, and I commend TIR and our member network on the outcomes attained for FY21...

CEO REVIEW

I would like to start by commending all members on their achievements over the past 12 months and their ongoing support of our Co-Operative and Statewide Independent Wholesalers (SIW) as our primary warehouse and logistics partner.

Our member network's continued growth and development is encouraging, with our financial results and our key performance indicators (KPI's) confirming the same.



IGA / MEMBER NETWORK RETAIL SALES & MARKET SHARE

Member retail sales continued their positive trend for this financial year (FY), with approximate total retail sales across the IGA Network of \$606M. This result represents an increase of \$15M or 2.7% on the prior financial year sales of \$591M.

Based on these retail sales, TIR estimates our share of the Tasmanian Grocery Market has increased from 19.74% for FY20 to 20.26% for FY21, an increase of +0.52%.

The ability to retain and further consolidate on past market share gains is a great result, and I congratulate all members accordingly. In my opinion, these results demonstrate a continual shift in customer shopping behaviours, along with their ongoing willingness to support and shop local. It also supports my broader view that our member network of individualised store offerings, coupled with the IGA banner programs, are assisting with these positive results.

There is also no doubt that the pandemic has been a key driver for change within the market and consumer behaviour; hence as we start the process of entering the post-pandemic world in the second half of 2021, we must also embrace and deal with the opportunities and challenges that will follow.

IGA BRAND REPRESENTATION

TIR continues to support the member network via the IGA Branding, consistent with our published criteria and our respective licence obligations with Metcash. The IGA brand is well established and respected within the Tasmanian market, as confirmed by our independent market research, and which is further highlighted in the Marketing Section of this Annual Report.

TIR will continue to support the IGA brand and member stores via its marketing and promotional programs, along with our weekly high/low strategies and Low Prices/Price Match Programs.

TIR will also continue to support members with competitive everyday pricing outcomes across all key categories, which provides customers with the confidence to shop IGA as their primary source for groceries. Part of the gains from the past two years has been attained through increased pantry spend; hence competitive everyday pricing must remain a key and ongoing focus if we want to retain market share and further grow customer spend.

It was also pleasing to note the recent announcement that TIR will now cover the Metcash Training Academy fees on behalf of members, which is in addition to TIR coverage of payments of subscription fees for the MGA and IGA Licence.

STATEWIDE INDEPENDENT WHOLESALERS (SIW)

SIW continues to operate as the key warehouse and logistics provider to our member network in Tasmania.

TIR member purchases via SIW also experienced continued growth and consolidation in FY21, with purchases increasing by 12.3% to \$230.2M and volume increasing by 5.32% to 5.8M cases. The 5-year trend also reveals extraordinary growth uplift over the comparative period, with group purchases increasing by 50.1% and volume increasing by 24.1%.

The ongoing consolidation of purchases via SIW also helps fractionalise the cost to service members stores, which delivers an overall or blended lower carton cost outcome.

This point, in part, is evidenced by the special/one-off rebate distribution of \$305K from SIW to TIR and subsequently remitted to the member network in December 2020.

Overall member rebates payable based on SIW purchases for FY21 was \$7.837M, which includes the SIW special distribution (\$306k) in December 2020. This represents an increase in the comparative rebates paid to members of \$1.26M or 19.1%. The increase in rebate payments ex SIW was supported by an increase in member purchases, as noted above, coupled with the growth in the PIP +12.93% and EDF +54.8% over last year.

The ability to remit record rebate payments to our member network highlights the importance of supporting SIW as the primary provider for products into our member network.

SIW was also impacted by the snow event in Launceston in August 2020, which saw the TASRDC closed for some 24 hours, with the new Temperature Control (TC) facility sustaining more severe damage due to a partial roof collapse and being non-functional for 7 days immediately afterwards, and whilst intermediate repairs were undertaken.

TIR has also been actively involved in the review of the SIW Charge Model during this period, with an independent review now being undertaken by KPMG of the proposed new model. Further updates will be provided to members as this matter progresses during FY22.

ISLAND FRESH PRODUCE (IFP)

IFP continues its strong trading results with tonnage increasing by 8.75% to 5.15M and total customer purchases (members & non-member) increasing by 10.32 % to \$27.56M. As with SIW, the 5-year trend also reveals significant uplift for IFP, with total customer purchases increasing by 26.6% over the comparative period.

These results are very pleasing, along with IFP's ongoing focus on product range, competitive pricing, and our delivery logistics to members. IFP is also very proud of the broader support it provides to many local Tasmanian produces and suppliers, and which for FY21 represented Approx. 55.3% of its total purchases base.

IFP also continues to focus on efficiencies across the business as part of our ongoing endeavours to lower cost and improve our overall service offer and experience to all customers.



IGA BRIGHTON

One such initiative includes a review and possible replacement of our current ERP (enterprise resource platform) to better align and handle all procurement, warehousing, customer ordering and distribution functions relevant to the business. Other initiatives include IFP's continuing focus on its customer order platform and receipt timeframes, along with its ongoing review of warehousing and logistics operations. IFP also decommissioned its former warehouse and subsequent cross-dock facility in East Devonport, with all delivery logistics now facilitated by the IFP Launceston DC facility.

Further, and in H2 2021, IFP recently decommissioned its IFP cross-dock facility in Hobart. Raynor Transport now provides this service under a contracted arrangement. This change will also see our lease at the Gormanston Road terminate in December 2021.

IFP also welcomed Glenn Sullivan as the replacement of Ian Heyburn, who stepped down in March 2021. Since joining the business, Glenn has been very actively involved with member engagement via store visits and reviewing all operations elements.

I feel this redirection is delivering sound results for the IFP business, along with the service and support we provide to our member network and other customers.

TIR welcomed IGA Brighton to its group in July 2020 with this business trading successfully during FY21, with overall sales exceeding \$10.8M.

TIR continued with the many systems and procedures already in place, including the "ABCis Click Invoicing" service coupled with their "Ezylink Accounting Interface" to facilitate the import of all suppliers and other invoices into our Xero accounting package. ABCis also provides comprehensive management and sales reports which closely monitor the trading circumstances remotely.

Since the acquisition, some minor changes have been instigated within the business, including an increase in the grocery range after installing additional grocery bays and aisles. I do not expect any further improvements in FY22, with the board's attention now turning to the pending development of a new store site over the coming 12-18 months.

The benefits of a robust Tasmanian economy have been shared across the wider member network, with many still trading at record levels compared to the pre-pandemic base year of 2019.



TIR GROUP TRADING RESULT

TIR posted an overall net trading profit of \$2.912M across all trading divisions, representing an increase on the FY20 result of \$1.107M. This result includes a non-cash entry for SIW Share of Profits of \$367K relevant to TIR's 40% shareholding.

These results have, in part, been underpinned by an increase in the trading term income received relative to volume uplift, along with an ongoing focus on reducing cost and driving further efficiencies within the business. Group rebate payments have also increased considerably, with total payments increasing to \$8.167M for FY2021.

TIR's acquisition of IGA Brighton in July 2021 has also contributed to both the underlying profit and corresponding income and expense items as reported in the FY21 General Purpose Financial Statements (GPFS).

MEMBER REBATE DISTRIBUTIONS

As mentioned earlier, TIR's Group rebate distributions for FY21 are the largest ever amount remitted at \$8.167M (compared to \$6.900M for FY20). It also represents an impressive increase in the overall 5 years trend, and from which member rebates have increased by \$2.55M or 48.4%.

This increase in rebate payments is supported by:

- The increased FY21 volume and rebatable purchases, particularly across the SIW & IFP Operations.
- The special SIW rebate remitted to members in December 2020.
- An increase to the rebate's % for FY21 rebatable purchases ex SIW and IFP via the PIP & EDF Programs.

I again commend all members on this outcome, which once again highlights the benefits of consolidating support via your Co-Operative and its associated business entities of SIW and IFP.

TASMANIAN TRADING OUTLOOK

The Tasmanian economy has been relatively buoyant over the past 12 months partly due to the successful management of the pandemic by the State Government, coupled with nil cases of community transmission during this period.

Tasmania continues to be one of the standout states as per the latest Comm Sec State of State Report (October 2021), which has seen Tasmania positioned as the leading state for economic performance for the past 7 consecutive quarters. Tasmania has been a clear winner in the key economic indicators of construction, relative unemployment, retail spending and dwelling starts, ranking second on equipment investment, economic growth, and population growth. Importantly, from a retail spend perspective, Tasmania has recorded growth of +18.1% vs the decade average.

The benefits of a robust Tasmanian economy have been shared across the wider member network, with many still trading at record levels compared

to the pre-pandemic base year of 2019. This upturn has also provided many members with the confidence to reinvest in their store offering through new equipment installs and other store upgrades and expansions – all of which improve the overall store offer and deliver ongoing growth by attracting more customers and increasing sales.

The economic forecast for the coming 12 months also appears positive, with TIR well positioned to provide ongoing support to our member network.

TEAM MEMBERS

I take this opportunity to warmly thank all team members within the TIR, IFP and IGA Brighton Divisions for their ongoing support and loyalty to both the business and our member and other customer networks.

Whilst the current financial year was more "stable" than FY20, the pandemic still presented us with various challenges, along with TIR's ongoing endeavours to better assist and support our member network.

I am very proud of all TIR team members, along with their collective input, support, and an overriding dedication to TIR and our member network. Thank you, and well done to you all.

I also acknowledge the retirement of Ian Heyburn after some 20 years with TIR as the Head of IFP, along with Ian's 46 years in the grocery business. Ian played an integral role within the IFP business over many years, which involved the relocation of the warehousing function from its initial Distribution Centre in Robertson Street, then to Merino Street and now to its current location at Connector Park – with all moves required due to the continued growth within the IFP business over this period. I congratulate Ian on his achievements and wish both Janet and him all the best in retirement.

Finally, I would like to thank the TIR Board & Directors for the ongoing support, guidance and direction provided to me and the TIR Executive, along with the broader member network.

CLOSING

The business that we have in Tasmania via our Co-Operative structure and association with SIW is unique and is one that we should all be very proud of. On this basis, coupled with the ongoing support and close collaboration between TIR and its member network, we can build on the gains of the past and continue to strive for increased growth and development across our member network.

I thank all members for their ongoing support, contribution, and feedback over the past 12 months.

Grant Hinchcliffe

Signature

CEO, Tasmanian Independent Retailers

2021 TASMANIAN IGA AWARDS OF EXCELLENCE

The Tasmanian IGA Awards of Excellence Dinner was a spectacular event. Hosted by well-known local media personality Rachel Williams and joined by over 200 attendees, including many TIR member retailers and their staff.

The night was full of celebration of the winners, laughs and amazement from the magical Nick Nickolas and supported by great music from Brett Budgeon and the band.

Opening proceedings was Grant Hinchcliffe, TIR CEO, who welcomed guests, wished the nominees good fortune, and announced the formation of the TIR 25-year club. The TIR 25 Year Club recognises both Members & TIR Staff retailer members who have had 25 years of employment or cooperative membership. A special event is being planned to induct.



It was also an opportunity to acknowledge three industry stalwarts who have either recently retired or are moving into retirement shortly. David Lanham, long-serving General Manager of SIW, retired at the end

of 2020 after 33 years of service. Ian Heyburn, Head of IFP stepped down in March 2021, with Ron Barker to step down in October 2021. Both have enjoyed long careers and have many friends and colleagues throughout the state who wish them well.

Attending on behalf of the State Government was the Minister for Small Business, Jane Howlett, accompanied by fellow Minister Guy Barnett. Minister Howlett congratulated all TIR retailers on their efforts during and post-COVID and their ongoing support to their local communities.

This night recognised the efforts of all IGA retailers throughout the challenging year that was 2020.

There were many winners on the night, including:

- IGA Community Award - Patrick Botha from IGA Strahan Patrick's. During the Covid lockdown, Patrick opened store accounts for the locals so that no one would go without. The fishermen and miners in the area always arrived back in town late at night, and Patrick arranged for them to ring him to open the store for them to do their shopping.

During the Whale stranding on the West Coast, he provided the 72 rescuers with three meals a day, and this is just a small snapshot of what Patrick does.

- The Sam Richardson Perpetual Award - Michael & Saydeh Farah of IGA Cygnet

Over the past 40 years, Michael and Saydeh Farah have been running the IGA store in Cygnet. What started as a small three and a half aisle supermarket has grown into one of the most successful in the Huon Valley.

Time may have passed, but Michael and Saydeh are just as passionate about their business as the day they started it.

- IGA Xpress Small Format Store of the Year - IGA X-Press St Mary's Hilly's (Chris and Katie Hill)
- IGA Medium Format Store of the Year - IGA Sandy Bay (Nick, Marco and Niktar Nikitaras, Hill Street Grocer)
- IGA Large Format Store of the Year - IGA Prospect Baxter's (David Baxter)



IGA Community Award - Patrick Botha from IGA Strahan Patrick's. Left to Right - Grant Hinchcliffe (TIR CEO), Patrick Botha (IGA Strahan Patrick's), Michael Baxter (TIR Chairman), Craig Smith (TIR Head of Member Services and Development).

FULL LIST OF WINNERS

AWARD	WINNER
IGA Community Award	Patrick Botha IGA Strahan Patrick's
IGA Team Member/ Rising Star	Kristina Parker IGA Shorewell Plaza Syd's
IGA Medium Format Delicatessen Department of the Year Award	IGA St Helens Hilly's
IGA Large Format Delicatessen Department of the Year Award	IGA Devonport Hill Street Grocer
IGA Medium Format Meat Department of the Year Award	IGA Smithton
IGA Large Format Meat Department of the Year Award	IGA Devonport Hill Street Grocer
IGA Medium Format Bakery Department of the Year Award	IGA Sandy Bay Hill Street Grocer
IGA Large Format Bakery Department of the Year Award	IGA Prospect Baxter's
IGA Medium Format Fresh Produce Department of the Year Award	IGA Sandy Bay Hill Street Grocer
IGA Large Format Fresh Produce Department of the Year Award	IGA Prospect Baxter's
IGA Medium Format Grocery & GM Department of the Year Award	IGA Snug Baxter's
IGA Large Format Grocery & GM Department of the Year Award	IGA Prospect Baxter's
IGA Medium Format Dairy/Freezer Department of the Year Award	IGA Sandy Bay Hill Street Grocer
IGA Large Format Dairy/Freezer Department of the Year Award	IGA Prospect Baxter's
IGA Customer Service & Experience Award	IGA Norwood
The Sam Richardson Perpetual Award	Michael and Saydeh Farah IGA Cygnet Farah's
Retail Transformation & Innovation Award	IGA Snug Baxter's
IGA Xpress Fresh Store of the year Award	IGA X-Press Newtown Hill Street Grocer
IGA Xpress Small Format Store of the Year	IGA X-Press St Mary's Hilly's
IGA Medium Format Store of the Year	IGA Sandy Bay Hill Street Grocer
IGA Large Format Store of the Year	IGA Prospect Baxter's



The Sam Richardson Perpetual Award - Michael & Saydeh Farah of IGA Cygnet. Left to Right - Craig Smith (TIR Head of Member Services and Development), Grant Hinchcliffe (TIR CEO), Saydeh and Michael Farah (IGA Cygnet), Michael Baxter (TIR Chairman).



IGA Xpress Small Format Store of the Year - IGA X-Press St Mary's Hilly's. Left to Right - Grant Hinchcliffe (TIR CEO), Craig Smith (TIR Head of Member Services and Development), Jonathan Foon, Katie and Chris Hill (St Mary's Hilly's), Michael Baxter (TIR Chairman).



IGA Medium Format Store of the Year - IGA Sandy Bay Hill Street Grocer. Left to Right - Michael Baxter (TIR Chairman), Craig Smith (TIR Head of Member Services and Development) Clare Rojahn, Euan Wiseman, Marco Nikitaras (Hill Street Grocer), Grant Hinchcliffe (TIR CEO).



IGA Large Format Store of the Year - IGA Prospect Baxter's. Left to Right - Craig Smith (TIR Head of Member Services and Development), Nick Bartel, David Baxter, Jarrod Baxter (IGA Prospect Baxter's), Grant Hinchcliffe (TIR CEO), Michael Baxter (TIR Chairman).



OVERVIEW

6.43%



SALES
INCREASE

SALES

\$1.243 BILLION
FY21

\$1.168 BILLION
FY20

SIW TRADING OVERVIEW AND FINANCIAL REPORT

SIW CHAIRMAN'S STATEMENT

Financial Year FY21 was filled with very unique challenges and events. These included:

- In August 2020, our distribution centre suffered significant damage due to a 'once in one hundred years' snowfall.
- In April this year, Statewide Independent Wholesalers Limited reached a very important milestone, celebrating its 40-year anniversary.
- In May we saw the rollout of the use of 2/3 pallets for our retail customers. This initiative focused on improved safety and efficiency for our customers.
- In the latter part of the year, the new ULD centre was constructed which has significantly improved safety and efficiency within the distribution centre.
- We continued to progress the replacement of our ERP system with Pronto, however COVID-19 travel restrictions have impacted timelines and the go-live has now been delayed until FY22.
- Our new Distribution Centre Enterprise Agreement was also successfully negotiated and applies for the next 3 years.

In addition to these key events and changes, we have continued to operate within the COVID-19 environment and although Tasmania has remained relatively unscathed, ensuring the health and safety of our teams should an outbreak occur, has remained our first priority.

For the year we achieved an after-tax profit of \$919,435. Although this result was below expectations, it was impacted

by the absorption of the insurance excess resulting from the snow event and a change in accounting for cloud computing costs. Given this, the result was still considered a strong operational performance and our financial position remains strong. Revenue grew to \$1,256,205,021 which was a 6.43% increase over financial year 2020.

The new financial year will see continued focus on consolidation and re-alignment to ensure our safety and team culture continue to mature and the business provides end to end value to our customers. This will include a number of exciting new initiatives including My Life, Continuous Improvement, Engagement restructure and exploring opportunities to grow our core business.



DIRECTORS

The names and particulars of the directors of the company during or since the end of the financial year are:

- Mr Grant John Hinchcliffe - Current CEO of Tasmanian Independent Retailers Co-Op Soc. Ltd (TIR).
- Mr Justin Daniel Dowling - Current General Manager Supply Chain - Southern Region for Woolworths Ltd
- Mr Andrew Hall - Current General Manager E2E Stockflow Optimisation, Supermarkets for Woolworths Food Group
- Mr Paul Graham - Current Chief Executive Officer for Australia Post having recently stepped down as Chief Supply Chain Officer for Woolworths Group. He is the Chairman of the Statewide Independent Wholesalers Limited Board
- Mr Michael Baxter - Self employed business operator and current Chairman of the Tasmanian Independent Retailers Board



DETAILS	FY21 52 weeks	FY20 52 weeks	\$ Variance	% Variance
Sales	\$1,243,941,281	\$1,168,794,374	\$75,146,907	6.43%
Cost of Sales	-\$1,186,285,299	-\$1,114,145,712	-\$72,139,587	6.47%
Other Revenue	\$12,263,741	\$15,280,833	-\$3,017,092	-19.74%
Distribution Expenses	-\$57,516,798	-\$56,456,916	-\$1,059,882	1.88%
Occupancy costs	-\$580,932	-\$776,793	\$195,861	-25.21%
Administration Expenses	\$4,395,382	\$3,765,846	\$629,536	16.72%
Financial Costs	-\$7,149,661	-\$6,883,737	-\$265,924	3.86%
Financial Income	\$944,725	\$1,249,860	-\$305,135	-24.41%
Net Profit - Pre Tax	\$1,221,675	\$3,296,063	-\$2,074,388	-62.94%
Income Tax Expense	-\$302,240	-\$989,824	\$687,584	-69.47%
Net Profit - Post tax	\$919,435	\$2,306,239	-\$1,386,804	-60.13%



OVERVIEW

10.33%



SALES INCREASE

SALES

\$27,649,492
FY21

\$25,061,565
FY20

ISLAND FRESH PRODUCE REPORT

2020 - 2021 has seen a big year of change at Island Fresh Produce. A new Head of IFP and 2IC, the closure of the Devonport cross-dock facility and a full warehouse restructure amongst some of the key changes.

Since starting in the role as the Head of IFP, I have tried to keep it very simple and started with a direct focus on the 3 P's



PEOPLE

IFP team, suppliers and the member network



PRODUCT

Quality & price



PROCESS

What does good look like?

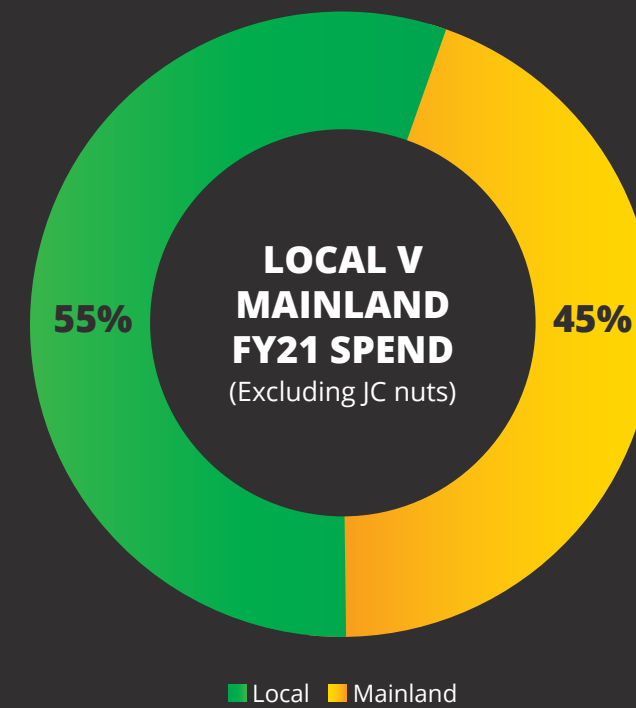
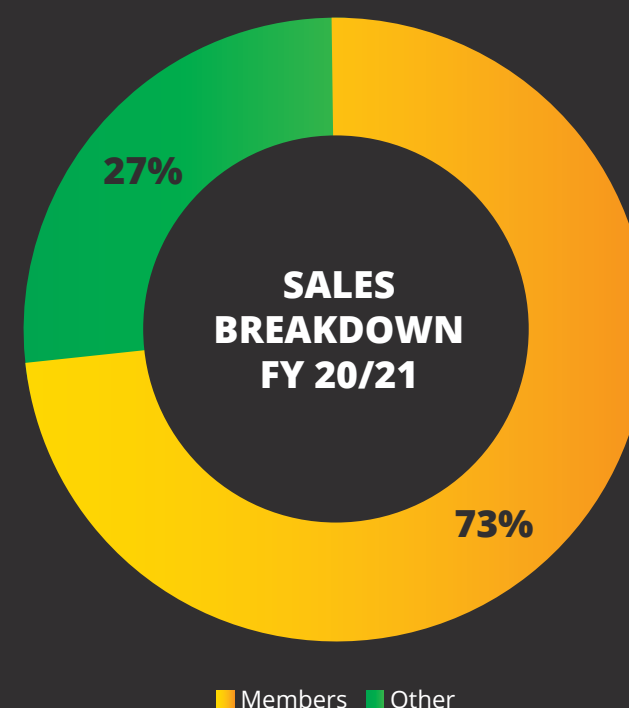
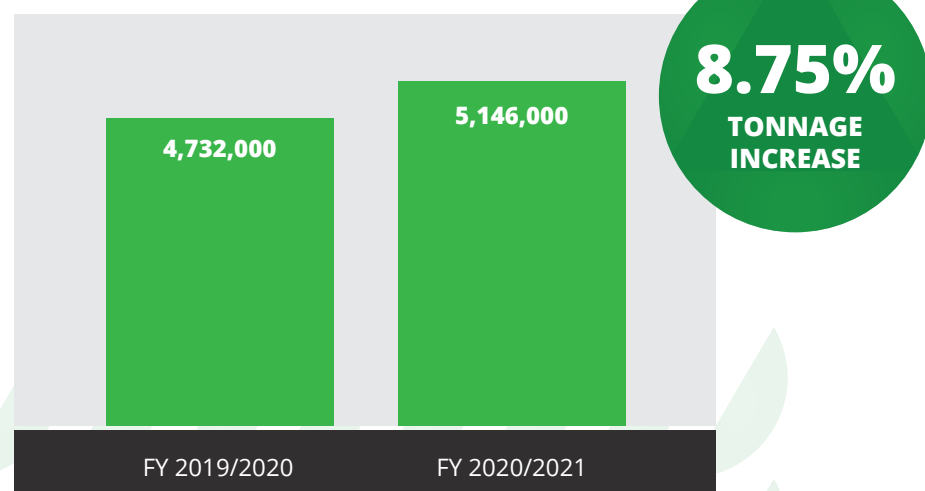
Direct feedback from our state-wide tour of IGA member stores became the key driver for the initiatives that followed and yet to come. The 2 critical pain points received, centred around price and quality, and we have worked very hard in this space to improve both. Quality has improved through our QA daily walk through's, supplier push back on substandard product, new supplier agreements and the implementation of the zone team leaders in the warehouse restructure.

Pricing in general has decreased but getting the balance between mainland and locally grown (generally more expensive) is a key focus over the

next 12 months. Our existing supply agreements out of the Melbourne markets are under review and will provide us with our biggest opportunities post COVID. Whilst we have made inroads into these key pain points, we also recognise we can still do much better and are working hard in the background to provide greater value to the members with outstanding quality produce.

Island Fresh Produce exists to service the IGA network, and we now start everyday with an absolute focus on continuous improvement to help build the IGA brand together and improve member profitability.

TONNAGE



FINANCIAL KPI RESULTS & CHARTS

Member Purchases	21
Group Financial Results – last 5 years	22
Financial Performance – Revenue	24
Financial Performance – Expenditure	25
Member Rebate Distributions – PIP	26
Member Rebate Distributions – EDF	27

TIR FINANCIAL REPORTING KPI RESULTS & CHARTS



MEMBER PURCHASES

TIR Member purchases in FY21 continued in a positive fashion. Overall \$ Purchases increased by \$33.26M or +9.90% over FY20.

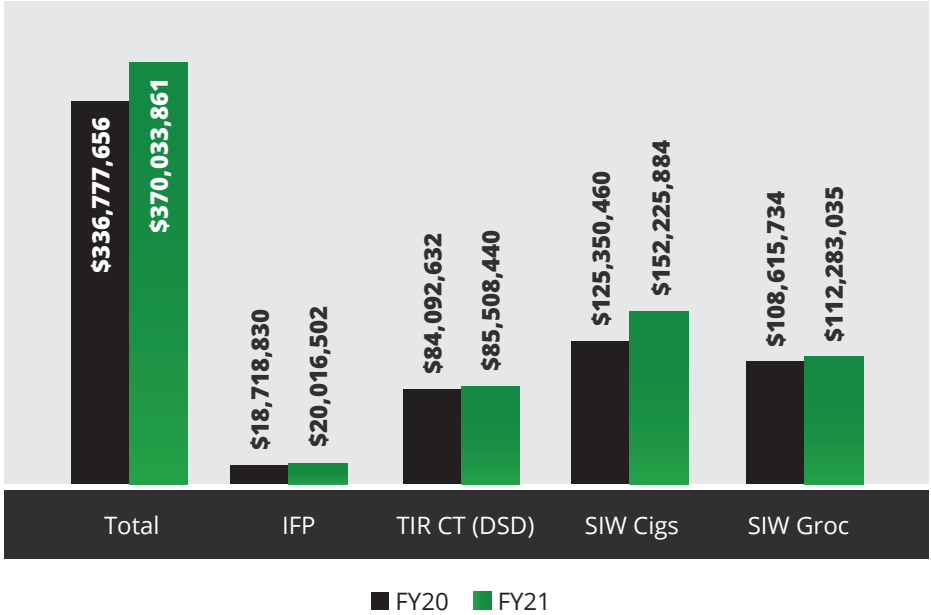
Cigarettes/Tobacco was the apparent standout with a positive growth of +21.4%. As this was the last year of Government Excise increases, it is expected that the recent high growth shown over the last 3 years will slow down to normal growth levels for FY22.

Island Fresh produce was also excellent at +6.9%, which was on the back of some pricing reductions late in the financial year.

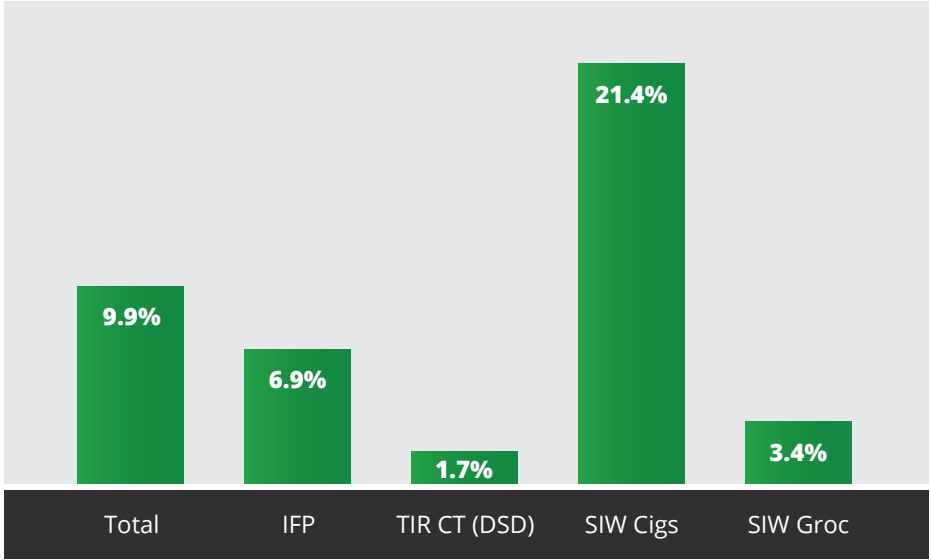
The Grocery result (which is all other departments of SIW outside of Cigarettes/Tobacco) was also encouraging at +3.4%. Our growth was impacted in the March to June period as we cycled over the massive demand from FY20 due to the panic Buying induced by the COVID-19 Pandemic.

SIW Carton Volume growth was +5.32. This was notable due to the cycling of the Covid-19 high demand period, which still provided an excellent result.

MEMBER PURCHASES FY21 DOLLAR VALUE



MEMBER PURCHASES FY21 GROWTH %



SUMMARY

164.6%

▲

TOTAL PROFIT
5 YEAR TREND

exc SIW

SUMMARY

KEY FINANCIAL KPIS

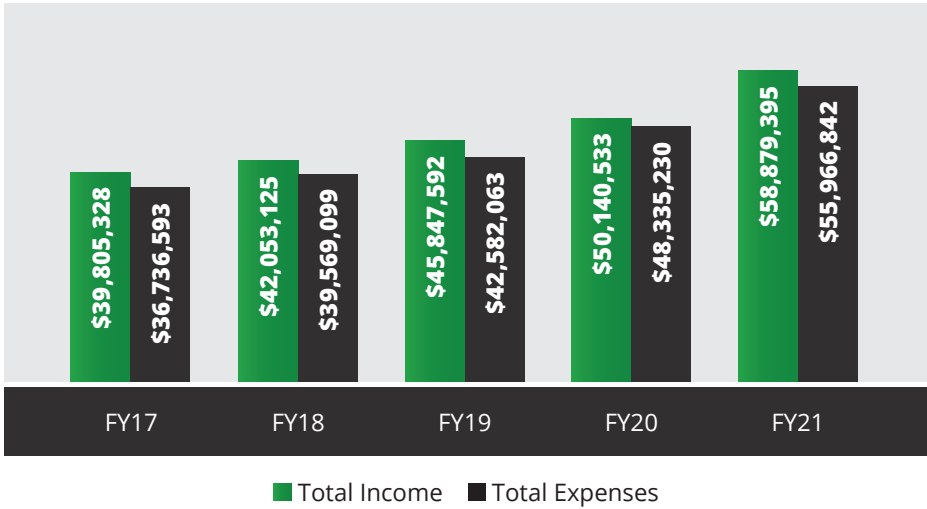
LAST 5 YEAR TRENDS

The trend results in our key financial Key Performance Indicators (KPIs) over the last 5 years continue to show strength growth patterns, especially it reflects a consistent application to providing growth not just within the recent pandemic period.

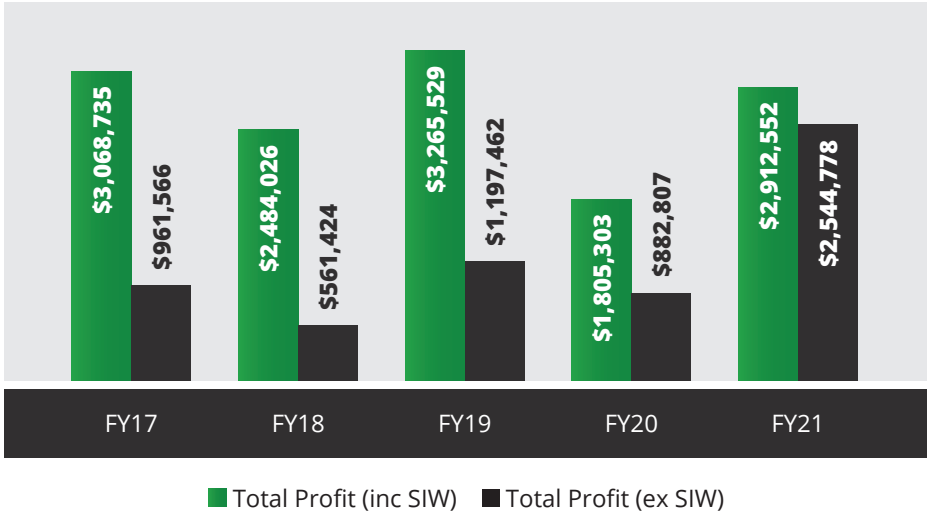
Total Member Purchases over the 5-year trend reflect an excellent growth of 37.2% since FY17 to FY21. Of course, Cigarettes/Tobacco will indicate the bulk of the growth (+81.9%) but SIW Grocery has been encouraging (+23%), IFP (+20.6%) along with TIR Charge Through (CT) +11.1%.

Total Income (+47.9%) and Expenses (52.3%) has shown incredible growth of the Co-operative over this period. Whilst profit trends have been a little up and down as the impact of SIW has reflected in their operating budget requirements and the change in valuations of TIR investments. This is reflected in the 5-year change in Total profit +164.6% (Excluding SIW Profit equity).

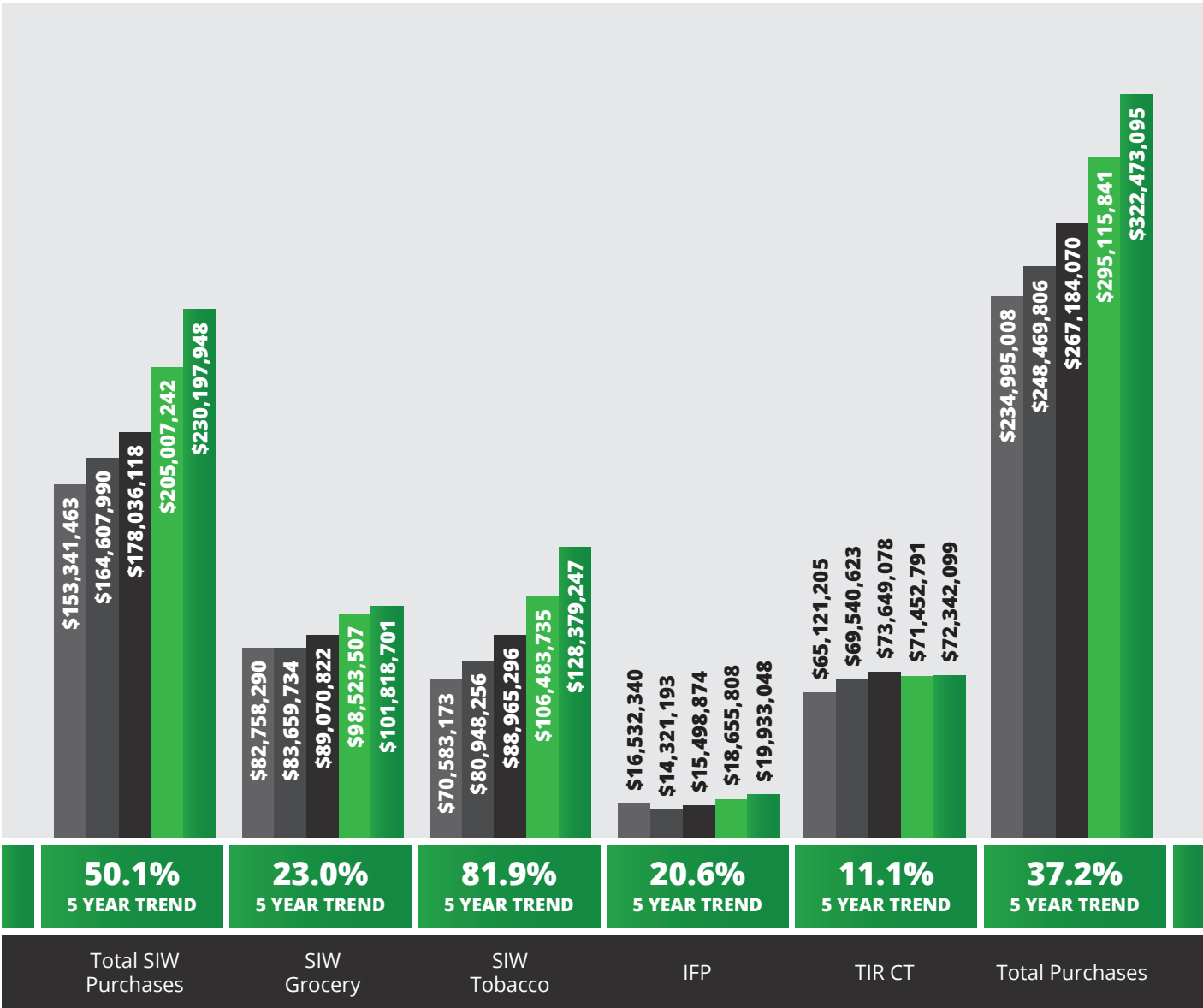
5 YEAR TOTAL INCOME AND TOTAL EXPENSES



5 YEAR PROFIT



5 YEAR MEMBER PURCHASES



OVERVIEW

17.43%

TOTAL REVENUE GROWTH

15.79%

TOTAL EXPENSES GROWTH

SUMMARY

TOTAL REVENUE VALUE

\$58,879,394

less Cost of Goods Sold

TOTAL EXPENSES VALUE

\$55,966,842

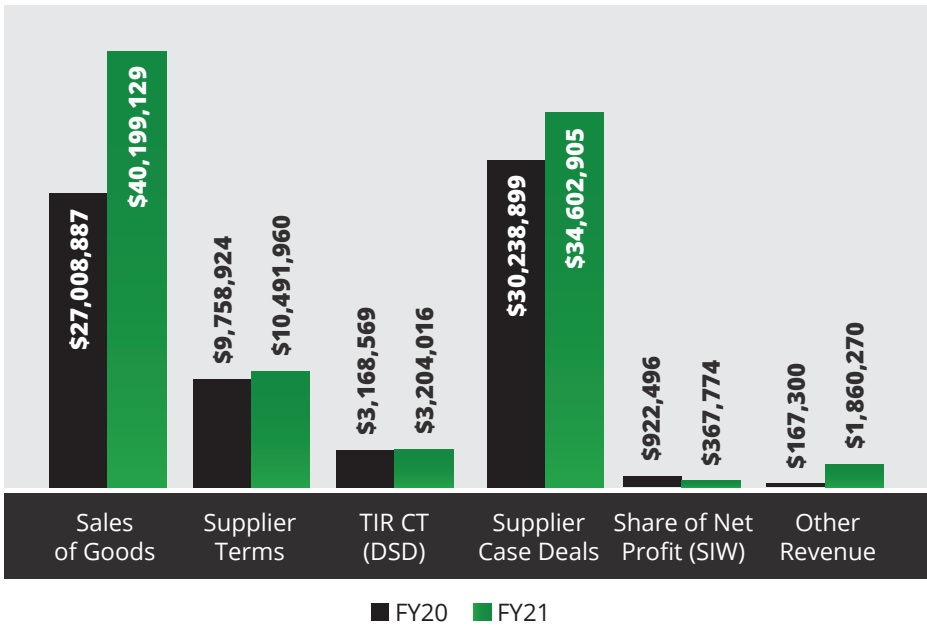
FINANCIAL PERFORMANCE

REVENUE

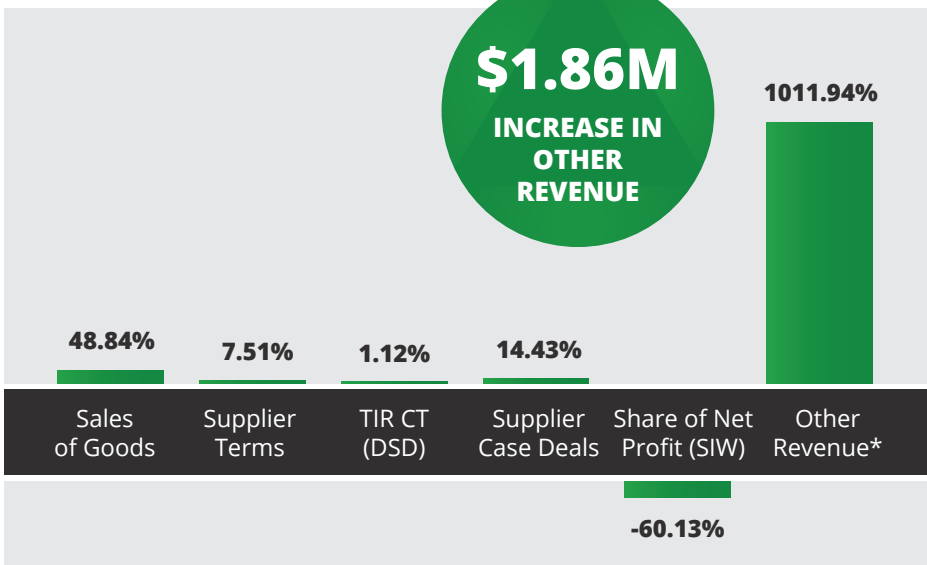
The 2021 financial year has seen a 17.43% growth in total revenue received.

- 48.84% (+\$13.19M) growth in total Sales through IFP and Retail operations including \$10.8M from IGA Brighton sales revenue.
- 14.43% (+\$4.36M) growth in Supplier Case Allowance Revenue – Due to ongoing supplier support with regards to IGA promotional activity and increased volume purchases through SIW warehouse.
- 7.51% (+\$733K) growth in Supplier Terms Revenue – Due to increased volume purchases through SIW warehouse.
- 1.12% (+\$35.4K) growth consolidation in Charge Through Revenue - Growth was stifled due to DSD conversion to SIW supply.
- 1011.94% (+\$1.86M) increase in Other Revenue – mostly due to a \$1.4M change of valuation in Fair Value Investments.

REVENUE \$ CHART



REVENUE GROWTH CHART



*Not in charts due to size of impact

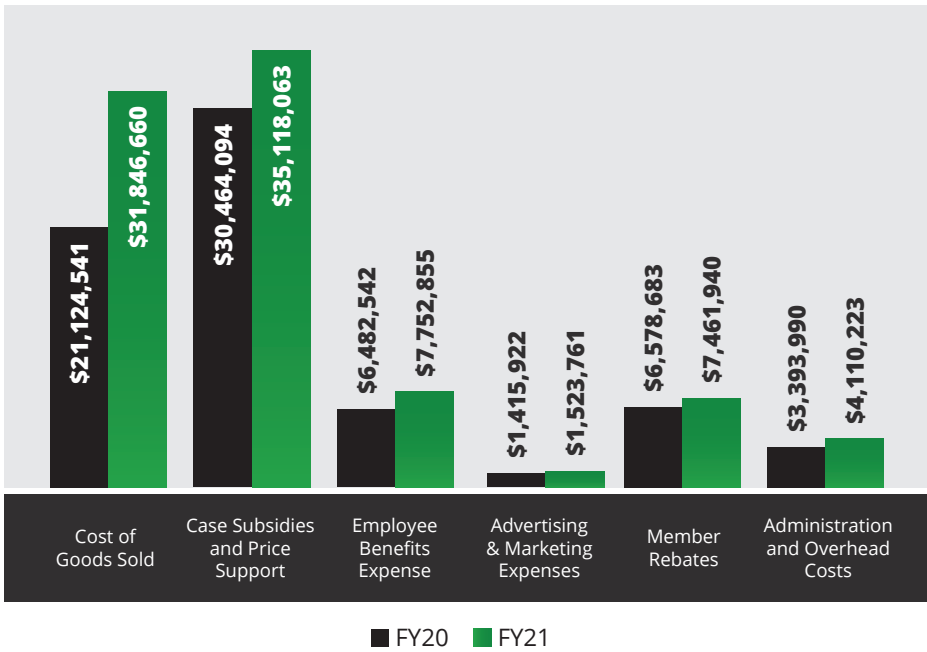
FINANCIAL PERFORMANCE

EXPENDITURE

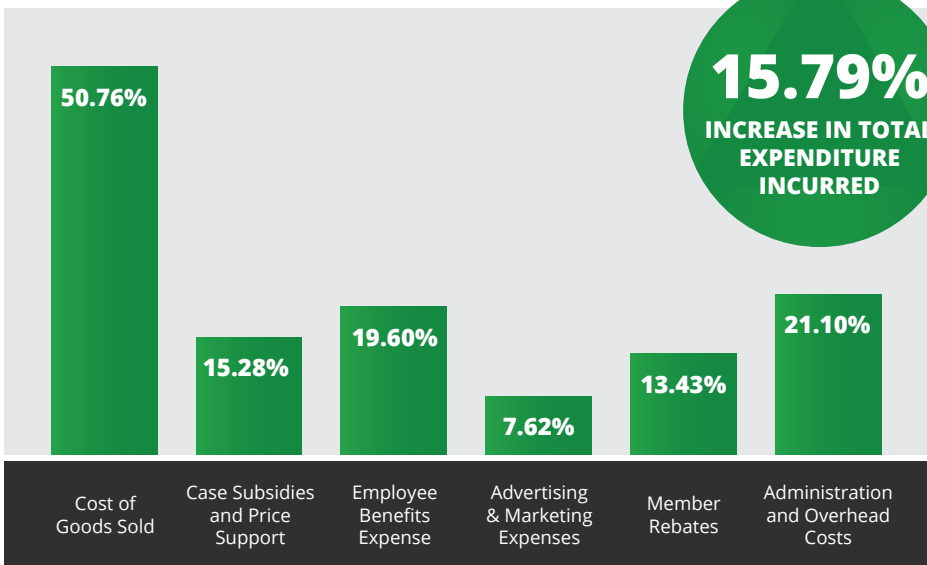
Financial Year 2020 has seen a 15.79% increase in total expenditure incurred.

- Key impacts to the increase in expenditure -
- 15.28% (+\$4.65M) increase in Case Subsidies and price support due in part to continued support in controlled subsidies and improved case deals from suppliers incurred by TIR to sustain Gross Profit of Members and increased volume purchases through SIW warehouse.
 - 19.60% (+1.27M) increase in employee benefits impacted by the increased wage requirements for IGA Brighton.
 - 7.62% (+108K) increase in advertising and marketing expenses which is due to running a full year of programs against the previous year when we shut down media commitments late FY20 due to the COVID-19 pandemic.
 - 13.43% in overall increase in Member PIP and EDF Rebates (+883k\$) due to the addition of the SIW Special Distribution in December 2020 and increased rebate payout % ratios due to the profit result.

EXPENSES \$ CHART



EXPENSES GROWTH CHART



OVERVIEW

12.93%  TOTAL PIP GROWTH

54.80%  TOTAL EDF ALLOCATION GROWTH

FY21 Rebate includes special SIW Distribution (+\$306k)

SUMMARY

\$6,330,066

TOTAL PIP
PAYOUT VALUE

\$1,507,262

TOTAL EDF
ALLOCATIONS

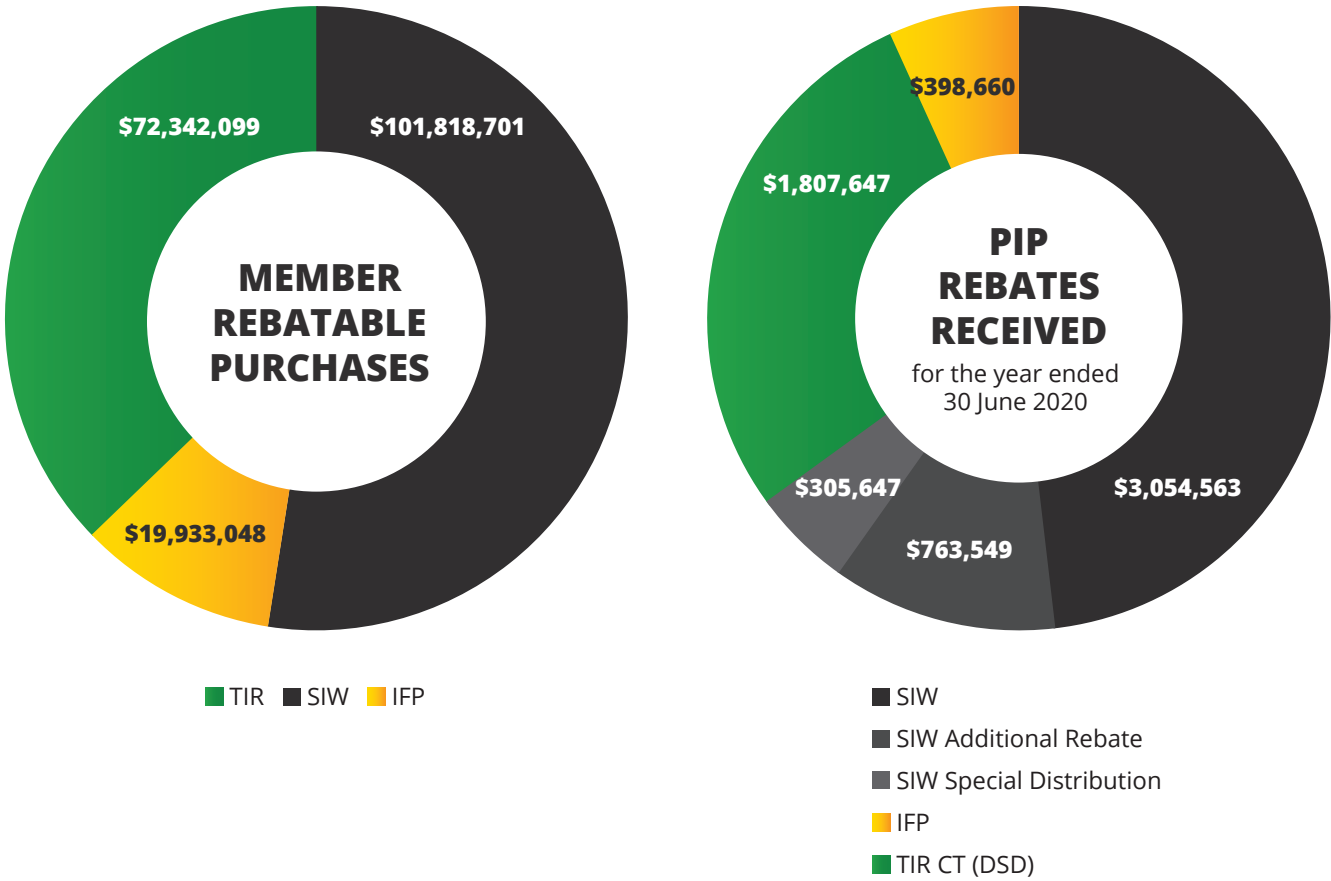
\$1,075,000

TOTAL EDF
DISTRIBUTIONS PAID

MEMBER REBATE DISTRIBUTIONS PIP

FINANCIAL OVERVIEW – MEMBER DISTRIBUTIONS / PURCHASE INCENTIVE PAYMENTS (PIP)

During the 2021 financial year Purchase Incentive Payments of \$6,330,066 were distributed to Members. This was a 12.93% increase on distributions paid during FY20. Given the strong trading and financial results attained by the Co-Operative during the financial year, the Board of Directors approved an additional PIP allocation to all TIR Members / IGA Retailers of 0.75% on all rebatable purchases ex SIW for the full 12-month trading period. This was an increase of 0.25% on FY20 payout ratio and a 0.75% increase on FY19 payout ratio.



MEMBER OPERATIONS SUPPORT

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.

As of June 30, TIR completed two full cycles of audits across the group during February/March and June/July 2021. We had 8 stores achieve Gold, and 44 stores achieve Silver, with remaining stores yet to acquire a rating. 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.

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 to 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 one round of audits during February/March 2021 and recorded 5 member stores (stores) with full compliance of 100%, 68 stores above 85% and 8 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 ACADEMY

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

As of June 30, we have 66 members accessing the training portal to help drive positive learning outcomes.

TIR is also pleased to note the annual registration cost for the IGA Academy is provided at no charge to member stores.

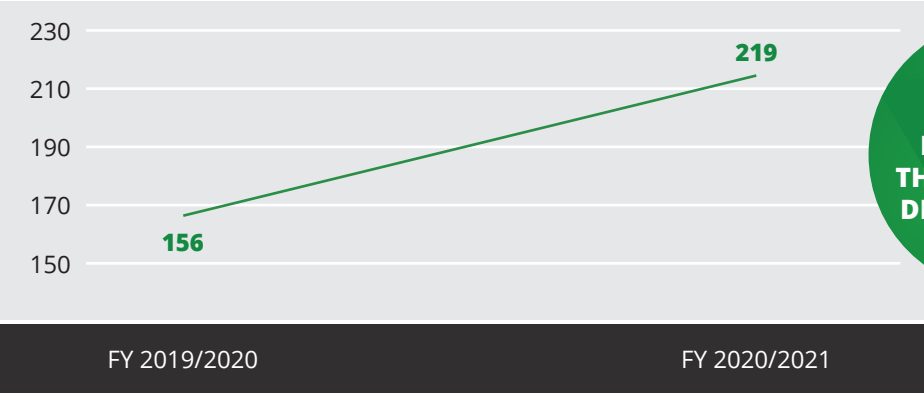
IGA GIFT CARDS

IGA Gift cards continue to perform well and provide our customers with another instore gift option. For the twelve-month period, our member network sold over \$98,000 IGA Gift cards, across 70% of our store locations with July and December being our two highest volume of card sales.



MEMBER DEVELOPMENT

During FY21, 70% of the TIR members (60 IGA Stores) accessed near \$1.075M of Equipment Development Funds (EDF) which is 112% of the EDF issued from FY20 (\$878k). There was an actual increase in the number of distributions for FY21 219 compared to 156 FY20 fund allocation requests.



40%
INCREASE IN
THE NUMBER OF
DISTRIBUTIONS
FOR FY21

STORE IMPROVEMENTS

Considering the interruptions to equipment supply by COVID in other states and our suppliers being in Locked down, we are still requesting large number quotes and orders.

This indicates that members commitment has not waned, the confidence to reinvest in the business to support their own instore growth.

Our Retail Development team worked with 26 stores to provide a variety of help including store relays, installation of new upgraded shelving, and other New Major equipment.

New Flooring completed in seven stores has shown the level stores are now going to XXX their overall store XXXXXX.

This team already has an extensive agenda for the remainder of 2021 and moving into 2022, with several major developments and many store refurbishments already booked.

STORE SIGNAGE

Completion of the installation of the new IGA National internal signage toolkits took place in six stores and currently a further eleven more stores have these new kits on order or in the planning stage. New and upgraded external signage for eight stores was also installed for members.



BEFORE: Store layout without signage

DEVELOPMENT SUPPORT

The TIR Member Development Team will continue to provide members with instore solutions and options within the expansion, equipment, relay and ranging scopes, and in an endeavour to further improve and enhance our member network and store offerings.



AFTER: Store layout with signage

MARKETING

OVERVIEW

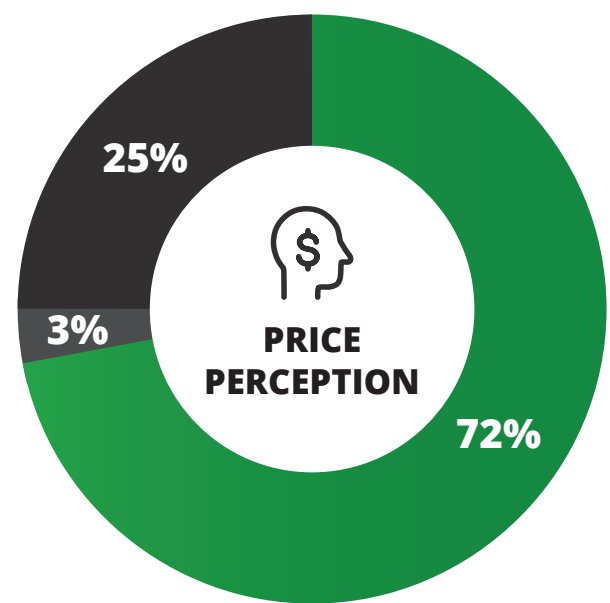
FY21 was time to get back to business for marketing the IGA brand. As the lives of the Australian public were filled with apprehension IGA remained a beacon of consistency starting with the 4th year of the Big Giveaway in July 2020, the Big Deal Sale in August, Gigantic Sale in October before moving into Christmas. With the Tasmanian borders opening and closing with the wind, there was a need to consolidate and reassure IGA's base Tasmanian customers.

Last year TIR conducted a customer survey to understand IGA's place in both the supermarket landscape and the community centering around what IGA does well or could be improved. We had over 1,700 responses.

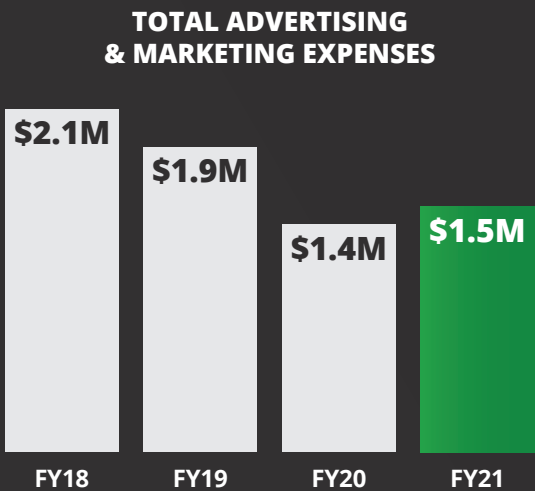


Marketing expenditure for FY21 was up slightly on FY20. This was largely due to FY21 consisting of a full 52-week marketing support calendar, unlike that of FY20 which in part was interrupted in the April to June 2020 period due to COVID related matters. The overall marketing expenses for FY21 has also reduced considerably on FY19 due to TIR's congoing review of marketing spend and effectiveness, along with our continued focus to onboard new and more effective marketing platforms, such as digital and social media platforms.

KEY FINDINGS



- 72% believe IGA's prices are comparable to the market
- 3% believe IGA is less expensive than our competitors
- 25% believe IGA is more expensive than the 2 major chains



Marketing expenditure for FY21 was slightly up (7.6%) on FY20 due to normal marketing activity through April, May and June.

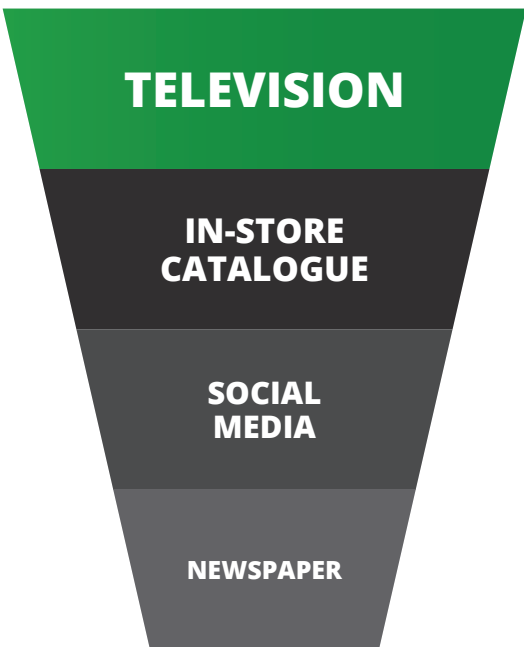
DOES ADVERTISING SPECIALS BRING IN CUSTOMERS



OVER 80% OF OUR CUSTOMERS BELIEVE SHOPPING AT IGA:



ADVERTISING MEDIA IN ORDER OF CUT THROUGH WITH CUSTOMERS



ADDITIONAL FINDINGS



GROUP PROMOTIONS

Our promotions program for FY21 was again very successful in providing member growth and increased value price perception to our customers.

The focus was on securing consistent and aggressive deals from suppliers to combat the increasing amount of “1/2 Price” promotions within the market. We also implemented a popular recurring Tasmanian feature that showcases local Tasmanian products and suppliers in the catalogues, social media, and press.

Other key promotional events include:

THE BIG GIVEAWAY (JULY 2020)

Sales growth of +13.49% for the event sponsor brands was a significant result considering the ongoing COVID impact on customer demand and supply chain interruptions during the event period. The Giveaway event received a record number of entries, and customer feedback was very positive.

FOOTY FINALS (OCT 2020)

Sales growth +14.69% reflected the timing change as the AFL Football finals were delayed due to COVID.

BACK TO SCHOOL (JAN 2021)

Back to School sales growth of +13.48% was a fantastic result and reflected the continued support of customers to shop locally.

SPECIAL OLYMPICS

In May, the Special Olympics promotion, funded by suppliers, raised \$20,844.80 to support the Special Olympics National Games in Tasmania in October 2022.

FOCUS ON DIGITAL MARKETING

We have also seen great results from our focus on digital advertising in dedicated online advert placement, our social media streams, and our extended digital IGA catalogues sent to our subscribers. Collaborating with our suppliers, we have strengthened the Digital catalogue content with additional supplier feature pages, weekly recipe (which is cross marketed in an email each Friday to catalogue subscribers, uploaded to our website and often featured on social media) and LPE product page featuring seven hero lines each week. Further, we ramped up IGA social media presence for new lines, supplier features and focused specials.



KEY PERFORMANCE INDICATORS

- Promotions Sales Growth +7.02%, Volume growth +6.59% (Total FY21 Period)
- Promotional share of sales FY21 67.59% vs FY20 66.83%
- FY21 Prom Gross Profit GP% 15.59% vs 15.52% LY
- FY21 Prom GP Dollars Growth \$ +\$961K and Growth % +7.60%

MERCHANDISING & SUPPLIER ENGAGEMENT

FAREWELL RON BARKER

There has been a key personal move in the Merchandise team, with Ron Barker set to retire on the 31st of October 2021. Ron has been a long-standing integral part of the TIR business with exceptional supplier relationships. On a personal note, I would like to thank Ron as he has been very generous with his time and has given me a detailed and thorough induction into the business that will help set the business up in the future. We all wish Ron well and hope he enjoys more time with his grandchildren and on the golf course during his retirement.

KEY PERFORMANCE INDICATORS (KPIs)

The merchandise function has continued to grow over the past year with a total of 783 SIW & DSD supplier accounts (LY 768) and over 34,000 product records (LY 32,000).

Member's SIW Purchases \$ Sales growth (year to date) was exceptional till February (+19.87%), whereby we then cycled through the LY COVID high demand peak (April to June), still producing an excellent result (+12.05%).

Member SIW invoiced GP% showed continued improvement (excluding Cigarettes) with 20.56% (TY) vs 20.43% (LY).

This result was notable due to the change in gross margin mix from the reduction in pantry filling from the previous year, which inflated last year's results. This year with less pantry filling and promotional buying increasing (+6.97%), it was pleasing to see further growth.

KEY AREAS OF FOCUS

We will continue with regular range reviews and onboarding of new suppliers as required to ensure that the product offering available to our members via SIW remains aligned with shopper demands.

Our aim is for members to continue to grow SIW Purchases to make retailing as easy and efficient as possible.

The past year saw us begin reviewing the SIW Pricing Model to align SIW revenues better and ensure SKU pricing can be managed more effectively. Already we have conducted a deep dive for some key categories such as Baby Goods, Coffee and Laundry.

This review resulted in a reduction of some of the fees applied on these goods, which has led to landed unit cost reductions for our members across near 480 SKUs. On approximately 125 of these SKUs, we were able to provide a more competitive retail position and

hold margin relatively stable. On the remaining products, retails remained the same, and the increased margin passed through to members.

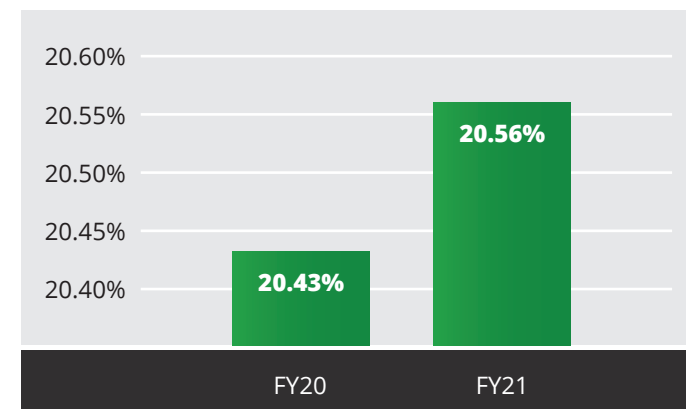
We look forward to seeing the improved performance in these categories over the coming year.

OUTLOOK

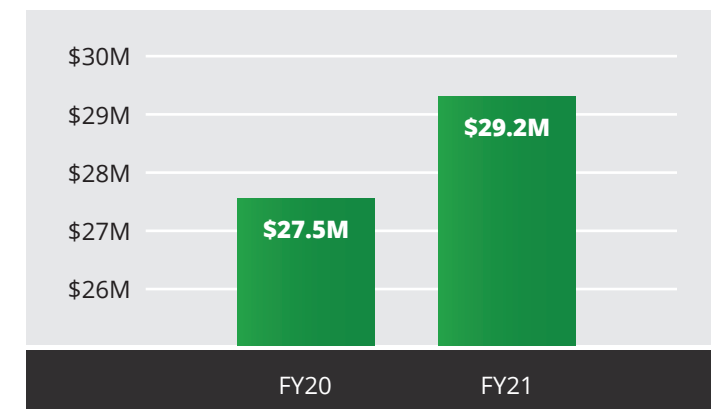
Looking ahead at the next 12 months, we will be focusing on developing some strategic plans across some key categories. To assist in this process, we will be using a broad and varied cross-section of our retail network as working groups to help us guide and shape the future focus of our merchandising function. This process has commenced with a strategic review of the tobacco category, which commenced mid-September 2021. These category reviews will look at our existing offer in crucial segments such as ranging, supplier partnerships, price competitiveness and logistics.

I look forward to sharing the outcomes of that review and many more over the course of the year.

SIW GP% MARGIN COMPARISON



SIW GP \$ VALUE COMPARISON



BUSINESS INTELLIGENCE & INSIGHTS

Business intelligence refers to the processes and tools used to analyse business data, turn it into actionable insights, and help everyone in an Organisation make better-informed decisions.

TIR's primary Business Intelligence application QLIK (www.qlik.com), provides a range of dashboards and reports used internally and externally to improve our performance. This year, QLIK provided additional reporting solutions to the area management team. Training was provided to ensure QLIK could provide additional insights into SIW purchasing trends across product categories and the member network.

Approximately 50% of the IGA network receives automatically produced QLIK monthly ranging reports, which help members determine the best range for their store.

During the later months of the financial year, we developed QLIK to manage our PIP and EDF rebate calculation which helped speed up and automate the end of year process. Further development is expected to provide members with monthly reports of PIP and EDF balances that will be emailed automatically to keep you updated on your potential rebates.

QLIK is also providing the insights for the IGA Monthly KPI Update, which commenced in July 2021.

Approximately 50% of the IGA network receives automatically produced QLIK monthly ranging reports

DYNAMICS 365 CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

During the year, TIR developed a Customer Relationship Management (CRM) application called Microsoft Dynamics 365. The CRM will centrally locate all contact information and member data to improve our engagement with members significantly. Having all contacts and store information in a secure central location will ensure that the TIR team can quickly find any information required for a more efficient engagement process.

Our area managers will be updating the data regularly to make sure the data is up to date. The CRM will also maintain a log on how and who has engaged with members to keep a track record of interactions. Management will use CRM reports to monitor levels of engagement and follow up on discrepancies and under engagement.

SIW PRICING MODEL ANALYSIS

In conjunction with SIW management, TIR has been analysing SIW's proposed new Pricing Models. Complex databases and modelling matrixes were developed to assist the process and form the business requirements for a more robust modelling application that will be further developed and expanded on during FY22. TIR, in conjunction with SIW will also provide help and support to KPMG who have been engaged by SIW to undertake an independent review of the proposed SIW Charge Model.



INFORMATION, COMMUNICATION & TECHNOLOGY (ICT)

The priorities for TIR's IT over the past twelve months has been to consolidate last year's major cloud migration and Wide Area Network developments and to focus two key areas;

1. Plan for the replacement of end of life infrastructure

- a. On premise HPE cluster servers
- b. On premise Cisco telephony
- c. SIW's Pronto communications with Group Controller

2. Cyber Security

- a. Password management vaults (1Password)
- b. Firewall management tools
- c. User development and training tools

Commencing late in FY22, TIR will replace the aging 6 year old HPE Hypervisor cluster servers which are about to go end of life. The on-premise server cluster runs all of TIR's & IFP's accounting, file storage, print management, remote desktop environment and database system. While the backup system provides an on-premise and cloud platform to manage disaster and recovery (DR).

The replacement platform, HPE SimpliVity, will provide a more intelligent server platform for all TIR including IFP with built-in resiliency, backup and disaster recovery, de-duplication of data and include a Disaster/Recovery site at IFP Kings Meadows. This new facility will also replace the current annual Cloud Retention backup subscription cost of \$18,000/year, or \$90,000 over the 5 projected year life of HPE SimpliVity.

The on-premise Cisco telephone supports communications at IFP Kings Meadows and TIR/IFP Hobart. This year's upgrades will commence late 2021 and replace the original equipment that was supplied in 2014 and will maintain and enhance IFP's desk phone and soft phone options. Soft Phones enable nominated employees to have their desk phone handset on their smartphone and/or laptop which saves the cost of cordless handsets and enhances productivity.

SIW's Pronto system necessitates new protocols and communications development between Pronto and TIR's Group Controller (order/receiver). TIR has built a cloud hosted 'Proof of Concept' Group Controller in Microsoft's Azure systems. Testing has commenced and it is hoped that the system will be fully migrated early 2022 to provide new end to end communications with SIW's new systems while offering members higher reliability and uptime for placing orders and receiving SIW host files and invoices.

Other new project developments for 21/22 will include expanding provisioning digital picking for IFP, Cisco Webex room conferencing facilities at TIR Western Junction and upgrade to TIR's NBN phone services from Business to Enterprise.

As noted in 2020 Annual Report, TIR's IT department has worked hard to minimize five key cyber security business risks; financial damage, reputational damage, compliance violation, privacy violation and operational disruption. This resulted with the immediate upgrading of internet firewalls, stricter user password control and restricting access to Wi-Fi and local area networks (LAN). TIR is continuing to review and enhance tools and systems such as 1Password vaults for all TIR computer users and plans to enhance email filtration, firewall and new mail phishing training tools. However, just as controlling the Covid-19 pandemic is less about medical treatment and more about processes and procedures, so too is controlling Cyber Security less about technology and more about following processes and procedures. Cyber Security is vitally dependent on all staff practicing safe working procedures and contributing to the overall security of the business.

Energy contracts have transitioned from Aurora to Shell Energy with substantial savings for TIR Energy Group members. 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. In the coming months, Shell Energy and TIR's energy consultant, Key Resources, will conduct a review of network tariffs to check that energy group members are connected to the most efficient tariff and seek any additional savings if possible.



SAFETY (SHE)

In 2020 Tasmanian Independent Retailers recognized the need to ensure the business was striving for industry best practice in the areas of workplace safety, environment management and general legal compliance.

TIR believes one of its primary responsibilities is to ensure the safety of team members, contractors to the business, our customers, visitors, the general public and the environment in which we operate.

With this in mind, in late 2020 TIR commissioned an audit of the business against the International Safety Standard ISO 45001:2018. The results of this audit identified the need to appoint a Workplace Health, Safety

and Compliance professional. In early 2021 the business appointed Peter Martin as the first Head of Safety Health and Environment.

Peter comes from a background in high-risk industries and has managed safety during the construction of 2 windfarms in Tasmania as well as managing safety during the construction of the largest windfarm in the Southern Hemisphere. Peter's experience and knowledge have

already begun to provide enormous value to the business and its members.

In June 2021 TIR again commissioned the same auditor to re-audit the business against the same standards to gauge the progress of the safety system development. The Auditor was extremely pleased with the system's progress and another full audit will be conducted in 2022 and the progress of the system will be shared with the group.

- Some of the initiatives and improvements implemented this year include:
- The introduction of formal hazard and incident reporting and investigation systems.
 - The development of a Health, Safety and Environment Management Plan.
 - The development of a team member led, consultative safety environment.
 - Safe Start Monday program providing safety information to all members.
 - Free safety system document program, providing quality safety documents to all members.
 - Early-stage development of a free custom safety program for member stores.
 - Development of a business COVID management plan to ensure business continuity.

- Additionally, the business now has several key performance indicators (KPIs) of safety. These KPIs are focused on prevention by measuring the activities we take before incidents occur. They include;
- Number of hazards reported.
 - Time to correct and close out hazards.
 - Number of incidents reported.
 - Time to close out incident corrective actions.
 - Number of toolbox and pre-start meetings conducted.
 - Number of equipment pre-starts conducted.
 - Number of workplace inspections conducted.
 - Time to close out issues identified during inspections.

Going forward the strong direction of TIR is to provide excellence in workplace health, safety, and environment management and to make all the systems we develop available to members for free.

As members you now have access to a dedicated safety professional who is enthusiastic about helping you manage safety in your business. We hope you can find ways to access this valuable service and utilize it to improve safety in your business.



As members you now have access to a dedicated safety professional who is enthusiastic about helping you manage safety in your business.

PEOPLE & CULTURE

EMPLOYEE ENGAGEMENT SURVEY

In February we conducted our second annual employee engagement survey. This is designed to provide employees a voice within the workplace, and also for us to understand key areas of focus for us to support our workforce across all sites. An overall response rate of 57%, which we believe to be a great outcome as it is a voluntary process.

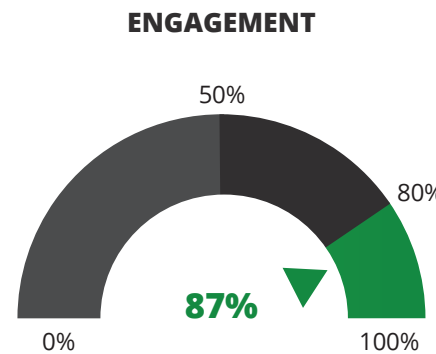
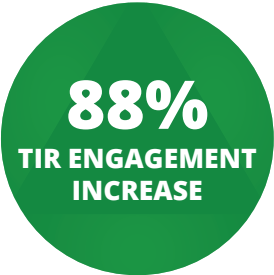
Some positive result areas;

- Overall engagement for the whole organisation is – 87%, which is a significant increase on the year prior by 25%, placing us 12% above the industry average
- TIR engagement – 88%, up 16% on prior year
- IFP engagement – 91%, up 36% on prior year
- Brighton IGA – 80%, this is the first year Brighton have participated
- 95% Believe in the values of TIR
- Respect – 85% agree that respect is an important value in the operations

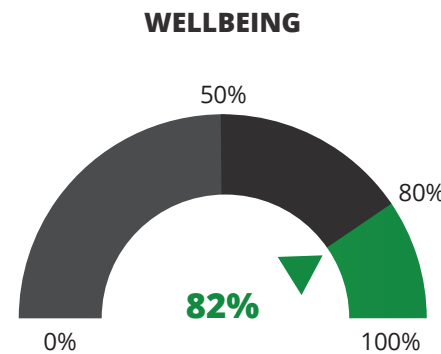
COVID-19 & OUR PEOPLE

We would like to acknowledge the support and compliance that all our employees have adopted since the beginning of the pandemic. It was a significantly quick reaction to create protocols to be implemented across the operations, and it has been pleasing to see over that period an evolution of documentation and best practice guidelines for us to now guide our employees. We had the opportunity in the Employee Survey some key questions on COVID-19 Communication, the commendable results are:

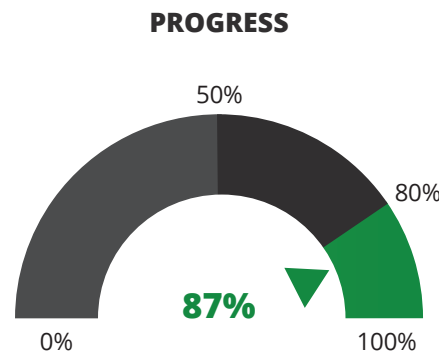
- TIR's communication about COVID-19 has been clear and timely – 93%
- I am aware of the changes made in how we work and operate – 93%
- I am aware how COVID-19 will impact my job – 95%



Engagement represents the level of job satisfaction and staff commitment to your organisation. Your survey data shows that engagement for your organisation is high, with 87% of survey respondents indicating they are engaged.



Wellbeing reflects the emotional wellness of staff at work, and their ability to successfully manage job stress. Your survey data shows that Wellbeing for your organisation is high, with 87% of survey respondents indicating they feel well at work.



Progress reflects staff perceptions about organisational performance. Your survey data shows that Progress for your organisation is high, with 87% of survey respondents indicating they are satisfied with the organisation's progress and success in delivering outcomes.



HEAD OF SAFETY, HEALTH, AND ENVIRONMENT (SHE)

Peter Martin was appointed Head of SHE in January 2021, with a significant amount of industry knowledge with regards to Safety. Whilst safety has always been taken seriously, as the business has grown the development of a strong safety framework will enhance our operations and provide a stronger safety culture. We have already seen some key initiatives that are relevant to our operations and the member network.

HEAD OF ISLAND FRESH PRODUCE

In March 2021, Glenn Sullivan was appointed as Head of Island Fresh Produce. Glenn has a wealth of business/retail knowledge which will allow him to support the member network closely in years to come. Glenn has **already visited all members stores since commercial work at IFP**, and aims to implement initiatives to support the network more efficiently into the future.

FAREWELL IAN HEYBURN

Ian Heyburn made the decision to stand down as Head of IFP effective from Friday 26 March 2021.

The IFP business in 2021 is very different to what TIR acquired back in 1995 under the name of Launceston Market Supplies, coupled with its limited supply and service capabilities, which was largely restricted to the North East and East Coast catchments of Tasmania.

When Ian joined the business in 2001, it had already been rebranded from LMS to Island Fresh Produce, along with the expansion of its service and supply offer to cover all TIR Members State-wide. We congratulate in on his 20 years of commitment to the IFP business, the growth he created, and we all wish him good fortune in all activities as he heads into retirement.



STRATEGIC PLANNING

We are now in year two of our 3-year strategic plan, and while the COVID events have slowed the pace of activity during the last eighteen months, much progress has still been made.

The TIR board and management continue to monitor results from the TIR Balanced Scorecard and the initiatives’ development from regular strategy plan reviews. Also, part of monitoring is to continue seeking feedback from members during the bi-annual member surveys.

Member feedback provides vital data and insights for our success measures and helps fine-tune our focus on delivering our vision and succeeding in our goals.

TIR BALANCED SCORECARD

The Balanced Scorecard is a management tool to review our strategic plan’s results. It focuses on our big-picture goals and tracks our progress against the targets we set to achieve them.

The KPI measures in the scorecard relate specifically to the three main goals of the strategic plan.

- A unified, engaged member group that understands what TIR is about.
- Efficient operations to drive value for members.
- A strong position for our brands to drive member sales and margin growth.
- Operational excellence.
- Brand strength and competitiveness levels

The scorecard targets and results are shown in the following diagram, and the KPI results are coloured coded in a traffic light format to help identify performance. Green indicates on or over target, orange indicates close to target, and red indicates significantly under target.

BALANCED SCORECARD

Goal	Measure	Metric	Baseline	Current Value	Target		FY20				FY21			
					2020	2022	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A unified, engaged member group that understands what we are about	1.1 Member engagement	Member engagement index	50%	56%	65%	75%			57%		65%		56%	
	1.2 Opened outbound communications	Click rate (%)	72%	77%	80%	90%	72%	70%	75%	75%	77%			
	1.3 Increase volumes through SIW/IFP	SIW volume (cartons)	1.0m	1.0m	Meet or exceed	Meet or exceed	1.0m	1.0m	1.2m	1.1m	1.2m	1.2m	1.2m	1.0m
		SIW \$ Sales	23.6m	24.9m	Meet or exceed	Meet or exceed	23.6m	24.6m	28.7m	26.5m	28.7m	27.9m	28.7m	24.9m
		IFP Volume (kg)	0.8m	0.9m	Meet or exceed	Meet or exceed	0.8m	0.9m	1.0m	0.9m	1.0m	1.0m	1.1m	0.9m
		IFP \$ Sales	3.9m	4.4m	Meet or exceed	Meet or exceed	3.9m	5.0m	5.3m	4.4m	5.1m	5.3m	5.3m	4.4m
	1.4 Growth in rebates	Growth in rebate income (%)	5.9%	18.9%	5.0%	5.5%	5.9%				21.5%			
Efficient operations to drive value for members	2.1a Satisfaction with TIR services	TIR member satisfaction index (%)	51%	78%	60%	75%			69%		78%		78%	
	2.1b Satisfaction with IFP services	IFP satisfaction index (%)	45%	56%	55%	70%			58%		64%		56%	
	2.3 Operational excellence	Rebate payout ratio (%)	56%	67%	59%	65%	55%	56%	56%	67%				66%
	2.4 Staff engagement	Survey score (out of 100)	62%	62%	70%	70%	62%				62%			
	2.5 OEP/FSA score	OEP score	59%	69%	60%	75%	59%		NR		60%		69%	
		FSA score	56%	84%	58%	75%	56%		NR		82%		84%	
A strong position for our brands to drive member sales and growth	3.1 Brand strength	(Un-)prompted awareness	TBC	TBC	TBD	TBD	TBC				TBC			
	3.2 Network retail sales growth	Network sales growth (%)	4.9%	2.7%	CPI	CPI	4.9%				14.9%			
	3.3 Gross profit growth YTD	Growth in gross profit YTD (%)	7.6%	6.3%	4.5%	5.0%	10.9%	11.2%	16.8%	21.0%	27.6%	21.3%	12.7%	6.3%
	3.4 Effectiveness/competitiveness/relevance of pricing programs	Satisfaction score (%)	44%	74%	50%	70%			64%		75%		74%	

Above Target Near Target Below Target

HIGHLIGHTS AND OPPORTUNITIES

1. Member Engagement

From our scorecard results, we understood that COVID was impacting the ability to allow our member network to connect. The February 2021 survey provided additional feedback on how members felt about the current engagement levels.

The results from the survey indicated it was time to get back together. With the absence of lockdown restrictions in Tasmania, we could plan some events to address the current need.

The June 2021 IGA Channel meeting and the Awards of Excellence presentation evening had record attendances. Feedback was incredibly positive regarding the content presented, and many members expressed joy in the ability to celebrate and network again with fellow members and TIR staff.

The announcement of the 25 Year Club and subsequent events in 2021 will also improve TIR engagement levels. We are also looking forward to the 2022 Tasmanian State Conference on 2-5 May in Noosa (COVID permitting).

2. Sales and Volume Growth

A key driver in the overall strategic plan is to provide and maintain growth. Our growth results continued to be exceedingly high in the early months of the fiscal year as the COVID effect continued moving customers to shop locally. The impact on Tasmania was minimal as COVID was controlled in our local communities. What this did mean for growth in the latter part of the year was that some customers did go back to old shopping habits and lockdowns on the mainland affected domestic travel, impacting our tourist towns.

Overall, sales growth was above our targets set before COVID, and most members have seen consistent growth, which has provided confidence to reinvest in their businesses.

Of course, the defining KPI is rebate growth; the rebate growth and payout ratio were exceedingly high and are unlikely to be seen again soon, which provides a challenge to determine future targets in a non-COVID environment.

3. Member Satisfaction

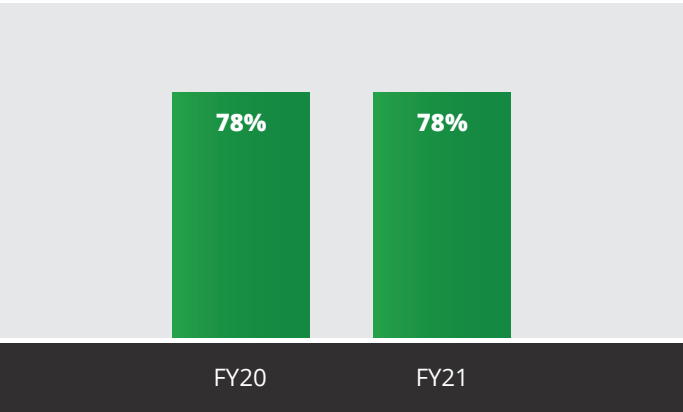
It was pleasing to see above target results in satisfaction levels for TIR services. While there were some changes to scores across the range of services, the overall total was the same for October and February.

There was a drop in the result for IFP in the February 2021 survey, which was carefully analysed and provided the new senior management at IFP with some clear goals. Some substantial changes have been introduced, and we expect this result to improve in the next member survey.

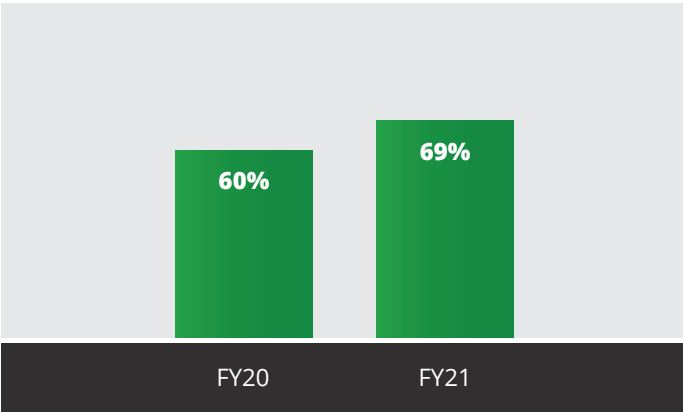
4. Operational Excellence - Operational Excellence Program and FSA.

Some excellent results are being shown in the OEP and FSA areas of the scorecard. While the OEP is a little under our 2022 target, it is still up 9% from the previous year. The other highlight is that the Tasmanian result for OEP is the best nationwide for IGA. The FSA result is also outstanding and is significantly above our target.

MEMBER SATISFACTION WITH TIR SERVICES






IGA MEMBERS MEETING 95% OEP SCORE (%)



STRATEGIC INITIATIVES - UPDATE ON PROGRESS

Much work has progressed against the Key Initiatives, but resource allocation remains a challenge to fit them into a crowded agenda. Timelines within the project plan require constant changes as current issues arise, and priority items are identified.

TIR'S STRATEGY ON A PAGE

Our Purpose	We support our members to achieve success, profitability and sustained growth, using the strength of our co-operative			
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 Values	We are here to support our members	We are open and honest	We grow and innovate	We care and listen
Strategy Statement	Improve member satisfaction by increasing rebates and warehouse volumes, through using our brands, buying power and local expertise, and providing valued and efficient services to support our members and those that add value to our member network			
Goals	<div></div> <div>1. A unified, engaged member group that understands what we are about</div>	<div></div> <div>2. Efficient operations to create value for members</div>	<div></div> <div>3. A strong position for our brands to drive member sales and margin growth</div>	
Success Measures	<ul style="list-style-type: none">• Member satisfaction/ engagement• Opened outbound communications• Increase volumes through SIW/IFP• Growth in rebates	<ul style="list-style-type: none">• Satisfaction with TIR/IFP services• Operational excellence• Reduction in error and credit rates• Staff engagement• OEP and FSA scores	<ul style="list-style-type: none">• Brand strength• Network sales growth• Margin growth• Member satisfaction with pricing programs	
Key Initiatives	<ol style="list-style-type: none">1. Educate and engage our members to build knowledge of the cooperative and industry, including reviewing communication opportunities2. Build capability in our retail ops and development teams to better engage and service members3. Build a member information briefing kit to tell members what we are about and what we offer them4. Investigate incentives for members to support the cooperative and drive volume through SIW/IFP	<ol style="list-style-type: none">1. Review structure, roles and resources for TIR and IFP2. Implement Accuracy project to improve invoice accuracy (charge through, IFP) and minimise internal processing errors3. Build IFP customer engagement strategy and review IFP systems4. Investigate opportunities to use our group buying power to reduce members' cost of doing business5. Optimise product pricing including reviewing trading terms6. Review SIW and IFP ranges to maintain relevance with consumer demand and determine 'winning range'7. Build our insights capability through capturing data (CRM, scan data) and building reporting tools8. SIW ERP replacement9. Develop a Business Continuity Plan10. Implement WHS management systems11. IGA Brighton operational support and new development	<ol style="list-style-type: none">1. Optimise the effectiveness and return from our advertising and community engagement programs2. Assess our brand strength (utilising available research)3. Continually review the effectiveness of our pricing programs and platforms4. Implement TIR sales and growth KPIs	

FY2020/2021 CURRENT STATUS ON INITIATIVES' DEVELOPMENT OR IMPLEMENTATION

1. Educate and Engage Our Members

- Development of new Retailer Zone Website "MyIGA." To be published in the later part of 2021.
- Developing a new Customer Relationship Management App (Microsoft Dynamics CRM 365) this will provide management tools and data to analyse and monitor engagement levels.

2. Build Capability in the Retail Operations Team

- Engaged external group "Learning Partners" to support training modules.
- Skill Identification and programs in place for upskilling where required.
- Business intelligence training for using the TIR QLIK business reporting app.

3. Drive Volume via SIW/IFP

- QLIK raring reports roll out to IGA.s increasing across the state.
- DSD SKU change of supply to SIW – Hundreds of SKUs now available from SIW, improved lead times and availability.
- Completed development of a new Rebate calculation app to simplify the annual process of Rebate allocation. Stage 2 will develop an app or report that IGA members can access for their store on the new Retailer Zone to monitor rebate values.

4. Use Group Buying power

- Energy Contracts locked in for members.
- Preferred services and exclusive offers continue to be identified and published via the IGA Daily Update and have a dedicated webpage within the Retailer Zone.

5. Optimise Trading Terms

- Program in place to optimise DSD and SIW trading terms. Ullage terms under review.
- Optimising new database and system solutions to maintain and secure Trading Term details.

6. Build Insights Capability

- Trialed a full suite of ABCis reporting and invoice management solutions in the TIR Corporate store (IGA Brighton).
- Ongoing development of data capacity and reporting solutions within the QLIK Business Intelligence Solutions.

7. SIW ERP Replacement

- Pronto ERP will be replacing SIW's Pegasus system in 2022. Business requirements, development, and training are scheduled within 2021, which will impact all merchandising functions for TIR.

8. SHE Management

- Safety, Health and Environment "SHE" Head of Management (Peter Martin) engaged in early 2021.
- SHE management systems and development in and implemented at TIR IFP and IGA Brighton.
- Rollout of supporting SHE solutions to IGA members underway in 2021.

9. Business Continuity Plan (BCP)

- After the events of COVID in 2020 and the snow event (roof collapse) at SIW, the TIR BCP is under review in conjunction with SIW and other stakeholders to ensure it remains fit for purpose.

10.IGA Brighton Development

- Successful onboarding of new corporate store in July 2020. Instore development and minor upgrades facilitated increased sales and profitability.
- Implemented systems, people and trading policies and procedures.
- New greenfield development is underway to move the store to the new site.
- Active considerations are being undertaken with regards to the Greenfield Retail Development at Brighton, with development works expected to start in mid to late 2022.

11.Optimise Return from Advertising, Assess our Brand Strength

- Resources from UTAS and Right Lane Consultancy provided a final report on the survey of 1700 IGA customers, which provided substantial insights on how our shoppers thought of our retail offers and the IGA Brand. These insights will help determine ongoing trading strategies and the best options for advertising in the digital world.

12.Review and Optimise Pricing Programs

- Co-Development of the SIW Pricing Modelling Proposal.

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 Yelloow 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

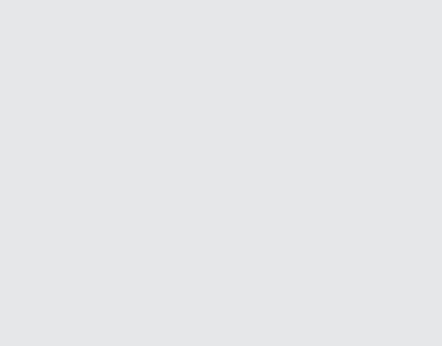
In May 2021 IGA stores in Tasmania raised \$20,844.80

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 athlets to attend.

National Games 2022 | Launceston | 17-21 October 2022

World Games | Berlin | 17-24 June 2023



INSERT HEADING HERE

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CHARITY RELIEF

IGA has worked with many Charities through Tasmania in 2020/2021 providing a 20% discount on IGA Food Cards to make their dollar go further. These discounts had a combined value just over \$50,000

Charities that have benefited from the discount were:

Salvation Army

Caring Networks

St Vincent de Paul Society

Anglicare, Uniting Care

Benevolent Society



DANCE SPORT CHAMPIONSHIPS

IGA has been a supporter of the Dance Sport Championship for a number of years.

Although 2020 & 2021 had to be canceled due to covid 19, IGA will rollover its support to the event in 2022.

Logo placement on all marketing material

Logo placement at the event

A \$5,000 TV airtime package from 7Tas



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 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 gurneys (all clubs)

FINANCIAL REPORT

Tasmanian Independent Retailers Co-Operative Society LTD
ABN 89 743048843

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FINANCIAL 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 2021.

Directors

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

	Eligible Meetings	Meetings Attended
Brett Mackay	9	9
Michael Baxter	9	9
Peter Aulich	9	7
Chris Hill	9	9
Mark Colson	9	8

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

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.

Peter Aulich

Peter Aulich joined the board as a member director in November 2005 and is a former Chairman of the Board.

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

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 & St Marys

Director qualifications and experience and responsibilities (cont'd)

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.

Secretary qualifications and experience

John Devine

Mr Devine joined TIR 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.

Changes in State of Affairs

As of 1st July 2020, The Co-operative officially acquired and operated the Brighton IGA Everyday Store from M&D Nikitaras Pty Ltd.

Review of Operations

The consolidated profit of the co-operative for the financial year after providing for income tax amounted to \$2,180,216.

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 board expects to lodge a development application (DA) in October 2021 with the Brighton Council for the construction of a new supermarket and adjoining tenancies on vacant land currently owned by the Co-Operative. The timeframe for the start of the development works along with the pending relocation of the IGA Brighton Supermarket to the new site post construction, is yet to be finalised.

Environmental issues

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

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.

Indemnification of Officers and Auditors


During or since the end of the financial year, the co-operative has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:


The co-operative has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the co-operative, other than conduct involving a wilful breach of duty in relation to the co-operative.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2021 has been received and can be found on page 24 of the financial report.

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


.....
Brett MacKay


.....
Michael Baxter

Dated: 21 October 2021

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Continuing operations			
Sale of goods from continued operations		40,199,129	27,008,887
Cost of sales from continued operations		(31,846,660)	(21,124,541)
Gross profit		8,352,469	5,884,346
Charge through revenue		3,204,016	3,168,569
Supplier case allowance revenue		34,602,905	30,238,899
Supplier terms revenue		10,796,704	9,758,924
Investment revenue		885,914	831,725
Share of net profit from associates using the equity method (SIW)		367,774	922,496
Change in fair value of investment property		-	(675,000)
Change in fair value of Financial investments		513,698	(259,698)
Other revenue		460,658	270,273
Total income		59,184,139	50,140,533
Case subsidies and price support		(35,118,063)	(30,464,094)
Advertising and marketing expenses		(1,523,761)	(1,415,922)
Depreciation and amortisation expenses		(777,732)	(730,679)
Employee benefits expense		(7,752,855)	(6,482,542)
Financial expenses		(17,335)	(21,392)
Motor vehicle and delivery expenses		(507,232)	(527,658)
Property and occupancy expenses		(796,146)	(509,223)
Information, communication and technology		(569,819)	(476,474)
Other expenses		(1,372,257)	(1,128,563)
Profit/(Loss) before tax and member distributions		10,748,941	8,383,986
Equipment development fund expense		(1,507,262)	(973,614)
Purchase Incentive payment expense		(6,329,127)	(5,605,069)
Profit/(Loss) before tax		2,912,552	1,805,303
Income tax (expense)/benefit	3	(732,336)	(256,764)
Profit/(Loss) for the year		2,180,216	1,548,539
Other comprehensive income			
Share of movement in equity of associates (SIW) due to change in accounting policy for AASB 16		-	(2,790,523)
Leases	9		
Total comprehensive income for the year	2	2,180,216	(1,241,984)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
Current assets			
Cash assets	4	12,531,957	10,845,144
Receivables	5	5,832,151	5,712,458
Inventories	6	1,247,227	1,143,346
Current tax assets		-	-
Other assets	7	180,325	166,806
Financial assets	8	-	-
Total current assets		19,791,660	17,867,754
Non-current assets			
Other assets	7	400,384	461,056
Financial assets	8	5,101,314	4,327,670
Investment accounted for using the equity method	9	21,714,828	21,347,054
Investment property	10	5,900,000	5,900,000
Property, plant & equipment	11	8,260,366	8,233,868
Deferred tax asset	12	877,228	726,396
Intangible assets	13	1,005,431	1,005,431
Total non-current assets		43,259,551	42,001,475
Total assets		63,051,211	59,869,229
Current liabilities			
Payables	14	9,957,566	9,087,423
Deferred tax liability	15	602,589	422,497
Interest bearing liabilities	16	220,563	254,676
Provisions	17	1,237,789	1,255,110
Current tax liabilities	18	363,235	478,020
Total current liabilities		12,381,742	11,497,725
Non-current liabilities			
Interest bearing liabilities	16	185,172	67,423
Total non-current liabilities		185,172	67,423
Total liabilities		12,566,914	11,565,148
Net assets		50,484,297	48,304,081
Equity			
Contributed equity	19	7,000	7,000
Retained profits	20	50,477,297	48,297,081
Total equity		50,484,297	48,304,081

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

Note	Contributed equity \$	Retained earnings \$	Total \$
Balance at 1 July 2019	6,900	49,539,065	49,545,965
Profit attributable to equity shareholders	-	(1,241,984)	(1,241,984)
Transfers to/(from) reserve	100	-	100
Balance at 30 June 2020	7,000	48,297,081	48,304,081
Profit attributable to equity shareholders	-	2,180,216	2,180,216
Share issued during the year	-	-	-
Balance at 30 June 2021	7,000	50,477,297	50,484,297

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		92,955,809	73,914,446
Payments to suppliers and employees		(90,445,512)	(71,487,166)
Financial income received		303,344	618,834
Other receipts		356,052	328,597
Income tax received/(paid)		(817,861)	(374,326)
Net cash provided by/(used in) operating activities		2,351,832	3,000,386
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		203,296	47,224
Payment for property, plant and equipment		(1,012,622)	(177,720)
Movement in loans to related entities		60,671	57,150
Proceeds from the disposal of/(payments for) investments		-	(758,988)
Net cash provided by/(used in) investing activities		(748,655)	(832,334)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		328,639	-
Repayment of borrowings		(245,004)	(322,437)
Shares issued/(repurchased)		-	100
Net cash provided by/(used in) financing activities		83,636	(322,337)
Net increase (decrease) in cash held		1,686,813	1,845,715
Cash at beginning of year		10,845,144	8,999,429
Cash at end of year	4	12,531,957	10,845,144

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 1: Basis of Preparation

1.1 Reporting entity concept

The Directors have determined that Tasmanian Independent Retailers Co-operative Society Ltd (the co-operative) is a reporting entity.

The Directors have elected to adopt the Australian Accounting Standards - Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*).

These financial statements are general purpose financial report prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Co-operatives National Law (Tasmania) Act 2015* . The co-operative is a for-profit entity for the purposes of preparing the financial statements.

The general purpose financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 13th October 2021.

1.2 Basis of accounting

The 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. Amounts have been rounded to the nearest dollar unless otherwise stated.

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 disclosed in the relevant notes.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

1.3 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 2021 and have not been adopted by the co-operative when preparing the 2021 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.

(i) AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-forProfit Tier 2 Entities (effective 1 July 2021) This Standard is a stand-alone disclosure standard to be applied by all entities reporting under Tier 2 of the Differential Reporting Framework in AASB 1053 which replaces the current Reduced Disclosure Requirements (RDR) framework. Initial review has indicated that there is not expected to be a significant impact on the co-operative’s financial statements from adopting the standard.

1.4 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 Group’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 Group 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.

1.5 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 a straight-line basis to write down the cost less estimated residual value. The following useful lives are applied:

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

1.6 Leases

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. 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.

1.8 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- Held-to-maturity (HTM) investments
- Available-for-sale (AFS) financial assets

All financial assets except for those at fair value through profit or loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

1.8 Financial instruments (Cont.)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group’s trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

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

Financial assets at fair value through profit or loss (FVTPL) include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity (HTM) investments

Held-to-maturity (HTM) investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity.

Held-to-maturity (HTM) investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Classification and subsequent measurement of financial liabilities

The Group’s financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

1.9 Investments in associates and joint arrangements

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. Interests in joint operations are accounted for by recognising the co-operative’s assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

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.

Unrealised gains and losses on transactions between the co-operative and its associates and joint ventures are eliminated to the extent of the co-operative’s interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

1.10 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 revalued 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.

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.

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.

1.11 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.

1.12 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.

1.12 Employee benefits (Cont.)

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.

1.13 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.

1.14 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.

1.15 Revenue

Revenue from the sale of goods is recognised at the point of the delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all responsibilities.

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 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.

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

1.16 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.

1.17 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.

1.18 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.

1.19 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.

1.20 Significant management judgement in applying accounting policies and estimation

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the co-operative that have the most significant effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the co-operatives's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

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.

	2021	2020
	\$	\$
Note 2: 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	27,649,492	25,061,565
Sales of goods - TIR retail operations	1,749,349	1,947,322
Sales of goods - IGA Brighton	10,800,288	-
(b) Expenses		
Bad & doubtful debts	1,106	6,607
Remuneration of the auditor:		
- audit or review	14,400	14,450
- other services	1,500	2,650
Conference expenses	96,530	5,792
Non-member rebates	330,625	322,036
Insurance	408,610	327,491
Meetings and travel		
- Retail operations	25,514	30,579
- other	18,498	42,007
Property development rebate	105,107	96,507
Note 3: 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	2,912,552	1,805,303
Effective tax rate	30%	30%
Expected tax expense	873,766	541,591
Adjustment for:		
- relating to equity accounted investments	(110,332)	(276,749)
- franking and other tax credits	(14,608)	(17,085)
- Prior years under/(over) provision of income tax	(16,490)	9,006
Income tax expense attributable to profit from ordinary activities	732,336	256,764
Tax expense comprises:		
Current income tax expense/(benefit)	705,138	645,994
Deferred tax (income)/expense relating to the origination and reversal of temporary differences	27,198	(389,230)
Total income tax expense	732,336	256,764
Note 4: Cash Assets		
Cash on hand	700	750
Cash at bank	12,531,257	10,844,394
	12,531,957	10,845,144

	2021	2020
	\$	\$
Note 5: Receivables		
Trade debtors	5,861,401	5,741,708
Provision for impairment of receivables	(29,250)	(29,250)
	5,832,151	5,712,458
Note 6: Inventories		
Stock on hand	1,247,227	1,143,346
Note 7: Other Assets		
Current		
Prepayments	180,325	166,806
	180,325	166,806
Non-current		
Loan to other corporations	400,384	461,056
	400,384	461,056
Total other assets	580,709	627,862
Note 8: Financial Assets		
Listed equities	35,351	24,099
Listed unit trusts	192,547	162,371
Unlisted trusts	4,873,416	4,141,200
	5,101,314	4,327,670
Due within 12 months	-	-
Due in more than 12 months	5,101,314	4,327,670
	5,101,314	4,327,670
Note 9: 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 Ltd and Woolworths Group Limited.

	2021 \$	2020 \$
Note 9: Investment in associated entities (Cont.)		
a) Movements during the year in equity accounted investments in associated companies		
Balance at beginning of the financial year	21,347,054	23,215,081
Share of associated company's net profit/(loss) after income tax	367,774	922,496
Share of associated company's reserve increments arising during the year	-	(2,790,523)
Balance at end of the financial year	<u>21,714,828</u>	<u>21,347,054</u>
b) Equity accounted associate profits are broken down as follows		
Share of associates net profit before income tax expense	488,670	1,317,851
Share of associates income tax (expense)/benefit	(120,896)	(395,355)
Share of associates net profit after income tax expense	<u>367,774</u>	<u>922,496</u>
c) Summarised presentation of aggregate assets, liabilities and performance of associates		
Current assets	157,120,128	168,490,346
Non-current assets	<u>132,057,709</u>	<u>136,387,080</u>
Total assets	<u>289,177,837</u>	<u>304,877,426</u>
Current liabilities	98,266,522	110,076,549
Non-current liabilities	<u>137,624,247</u>	<u>142,433,242</u>
Total liabilities	<u>235,890,769</u>	<u>252,509,791</u>
Net assets	<u>53,287,068</u>	<u>52,367,635</u>
Revenue	2,488,827,288	1,185,325,067
Profit/(Loss) after income tax expense	<u>919,435</u>	<u>2,306,239</u>
d) Sales to members		
Sales from SIW to TIR members	275,120,769	243,614,866
Special distribution from SIW to TIR	<u>305,647</u>	<u>-</u>
	<u>275,426,416</u>	<u>243,614,866</u>
Note 10: Investment Property		
Refer Note 1.11. 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	6,575,000
Change in fair value	<u>-</u>	<u>(675,000)</u>
	<u>5,900,000</u>	<u>5,900,000</u>

	2021 \$	2020 \$
Note 11: Property, Plant & Equipment		
Land and buildings at cost	7,140,070	7,075,676
Less accumulated depreciation	<u>(1,051,028)</u>	<u>(906,821)</u>
	<u>6,089,042</u>	<u>6,168,855</u>
Plant and equipment at cost	2,773,383	3,536,180
Less accumulated depreciation	<u>(2,013,161)</u>	<u>(2,567,579)</u>
	<u>760,222</u>	<u>968,601</u>
Motor vehicles at cost	3,837,520	3,495,674
Less accumulated depreciation	<u>(2,426,418)</u>	<u>(2,399,262)</u>
	<u>1,411,102</u>	<u>1,096,412</u>
Total Property, Plant and Equipment	<u>8,260,366</u>	<u>8,233,868</u>
Note 12: Deferred Tax Assets		
Deferred tax asset	<u>877,228</u>	<u>726,396</u>
Note 13: Intangible Assets		
Preliminary expenses	55	55
Trademarks	1,715	1,715
Goodwill at cost	<u>1,003,661</u>	<u>1,003,661</u>
	<u>1,005,431</u>	<u>1,005,431</u>
Note 14: Payables		
Current		
Trade creditors	8,300,513	7,950,464
Accrued expenses	<u>1,657,053</u>	<u>1,136,959</u>
	<u>9,957,566</u>	<u>9,087,423</u>
Note 15: Deferred tax liabilities		
Deferred tax liability	<u>602,589</u>	<u>422,497</u>
Note 16: Interest Bearing Liabilities		
Current		
Asset purchase liability	<u>220,563</u>	<u>254,676</u>
	<u>220,563</u>	<u>254,676</u>
Non-current		
Asset purchase liability	<u>185,172</u>	<u>67,423</u>
	<u>185,172</u>	<u>67,423</u>
	<u>405,735</u>	<u>322,099</u>

	2021 \$	2020 \$
Note 17: Provisions		
Current		
Employee entitlements	<u>1,237,789</u>	<u>1,255,110</u>
Number of employees at year end:	<u>136</u>	<u>92</u>
Note 18: Current tax liabilities		
Current		
Income tax payable	<u>363,235</u>	<u>478,020</u>
Note 19: Contributed Equity		
3,500 (2020: 3,500) fully paid ordinary shares	<u>7,000</u>	<u>7,000</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 20 Retained Profits		
Retained profit at the beginning of the financial year	48,297,081	49,539,065
Profit from ordinary activities after income tax expense	2,180,216	(1,241,984)
Transfer from reserves		
Retained profit at the end of the financial year	<u>50,477,297</u>	<u>48,297,081</u>
Franking account balance (tax paid basis)	<u>12,392,153</u>	<u>11,574,294</u>

Note 23: 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.

Equipment lease - Norwood IGA

An entity associated with Director Mark Colson, M&L Colson Investments Pty Ltd, is party to lease with the co-operative to hire purchase plant and equipment that was acquired by the co-operative and installed at the Norwood site as part of the development of the site. The lease was entered into when the entity acquired the business and was prior to Mr Colson being elected as a Director of the co-operative. The terms of the lease were negotiated at that time and are considered to be no more favourable than available to other members.

As at 25 June 2021, this equipment lease has been fully repaid by the Norwood IGA.

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.

Note 24: 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-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
Loans and receivables	5,832,151	-	-	5,832,151
	<u>6,060,049</u>	<u>4,873,416</u>	<u>5,900,000</u>	<u>16,833,465</u>
	30-June-2020			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets	186,470	4,141,200	-	4,327,670
Investment property	-	-	5,900,000	5,900,000
Loans and receivables	5,712,458	-	-	5,712,458
	<u>5,898,928</u>	<u>4,141,200</u>	<u>5,900,000</u>	<u>15,940,128</u>

Note 25: 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-2021
Michael Baxter	Chairman	17,107
Peter Aulich	Director	8,231
Brett Mackay	Director	11,836
Chris Hill	Director	12,988
Mark Colson	Director	10,130
		60,292
		30-June-2020
Michael Baxter	Chairman	22,324
Peter Aulich	Director	12,380
Brett Mackay	Director	13,305
Chris Hill	Director	13,770
Mark Colson	Director	10,000
		71,779

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 remuneration
		30-June-2021					
Grant Hinchcliffe	CEO						
Ian Heyburn	Head of Island Fresh Produce (On Leave from 26/03/2021)						
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 (started 14/08/2019)						
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						
		1,370,614	128,978	11,767	-	(52,868)	1,458,491
		30-June-2020					
Grant Hinchcliffe	CEO						
Ian Heyburn	Head of Island Fresh Produce						
Ron Barker	Head of Merchandising & Supplier Engagement						
Craig Smith	Head of Member Services						
Stuart Main	Head of Finance						
Nicole McCullagh	Head of People & Culture (started 14/08/2019)						
Gary Sutherland	Head of Promotions, Special Projects & Insights						
Travis Allen	Head of Marketing						
Glenn Rainsford	Head of Information Technology & Commercial Partnerships						
		1,289,935	122,537	14,055	400	(520)	1,426,407

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 2021 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: 21 October 2021

INDEPENDENT AUDITOR'S DECLARATION

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF
TASMANIAN INDEPENDENT RETAILERS CO-OPERATIVE SOCIETY LTD

We declare that, to the best of our knowledge and belief, in relation to the audit of the financial year ended 30 June 2021, 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: 21 October 2021

INDEPENDENT AUDITOR'S REPORT



CAMERONS

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 2021, which comprises the statement of financial position as at 30 June 2021, 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 2021 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: 21 October 2021

NOTES



**tasmanian
independent
retailers**

Tasmanian Independent Retailers

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