21st Annual Report

The Independent Liquor Group
Distribution Co-operative Ltd

**Australia's Largest Liquor Co-operative,
proudly servicing the liquor industry since 1975.**

2021

ilg

Contents

Introduction

Our Mission

We are committed to ensure the success and longevity of independents in the liquor industry, empowering you with the strength and benefits of belonging to Australia's largest member owned liquor co-operative.

Our members are the key to our success!

Our Vision

Taking a leadership position
We challenge ourselves to be the best in everything we do from procurement, marketing, education, logistics, and business excellence

Member benefit
Constantly striving to provide benefits that include shareholding rewards, retail support, co-op structure, independence, Australian-owned and operated, flexibility, innovative technology, art studio, bi-annual conference

Mutually beneficial supplier partnerships
We are continually improving the quality and effectiveness of our partnerships with Suppliers to encourage increased support and investment with the ultimate goal to make our members' business more profitable. To investigate and identify service providers that could benefit from our extensive membership base.

Best practice logistics
To continue to be recognized as the Industry leader in logistics services by seeking to always achieve flexible solution-based outcomes

Industry experience
Democratically elected Board drawn from its shareholder members that leads the business and directs management to achieve strategic and commercial objectives. The business seeks to attract and retain the best available and experienced talent.

Co-operative Principles

1. Voluntary and open membership
Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic member control
Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are organised in a democratic manner.

3. Member economic participation
Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and independence
Co-operatives are autonomous, self help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, training and information
Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of co-operation.

6. Co-operation among co-operatives
Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for the community
While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

Our Values

Registered Trademarks

Other Brands

Your Partner for On Premise Liquor

REGISTERED OFFICE
16 Tyrone Place, Erskine Park
NSW 2759

AUDITOR
Grant Thornton
Level 17, 383 Kent St
Sydney NSW 2000

BANKER
Commonwealth Bank
of Australia

ILGD MANAGEMENT

Paul Esposito
Chief Executive Officer

Karen Anderson
Chief Financial Officer

Patrick Kenny
NSW & VIC Sales Manager

Craig Stephenson
General Manager QLD

2021 at a glance

MEMBER BENEFITS INCREASED **25%**

REVENUE
INCREASED 24% TO A RECORD HIGH OF
$407 MILLION

ILG WELCOMED
205
NEW MEMBERS

EBIT
EARNINGS BEFORE INTEREST AND TAXES
INCREASED BY

SERVICING 1317 RETAIL MEMBER ACCOUNTS & PARTNERING WITH 203 SUPPLIER MEMBERS

FY20 PROFIT AFTER TAX INCREASED FROM **$128,369 TO $3,100,000**

FY21

Chairman's Report

Embracing change and responding to new circumstances, challenges and opportunities have always been the key to success at the Independent Liquor Group.

Our core values; **Commitment**, **Innovation**, **Loyalty**, **Passion** & **People**, are the foundation on which the Co-Operative is built. The values of supporting each other, investing for the future, having a passion for our members, growing our people and making a difference in our communities have all been demonstrated in FY2021.

The importance of consistent strategy and strong values is perhaps never more evident than in times of uncertainty. Our capacity to be agile and change, while remaining confident in the strategic direction of our business, was again on display in FY2021 as we continued to operate in a COVID-19 safe manner.

JULY 2020 – JUNE 2021

It has been a remarkable 2021 for ILG despite the continued challenges created by a pandemic environment, nonetheless our own Cyber outbreak back in November. Our CEO Paul Esposito has remarkedly led his team to navigate ILG through the Cyber outbreak with the minimalist disruption to members deliveries.

The Board and Executive management have undertaken measures to ensure that our systems will be best industry standard by utilising Cyber specific specialist The Missing Link who have conducted a thorough review of our systems and have advised of security upgrades to our systems.

Credit goes to the ILG family, both members and staff whose united front has taken us to where we are and what we've realised in the last financial year.

FINANCIALS

2021 sales revenue exceeded $407M, an increase of 24% from prior year and a record-breaking achievement for the Co-Operative. Other exceptional highlights include $3.1M profit after tax, 25% upturn in member rebates paid at $11.8M, growth in equity from $19.5m to $23m, and total assets have also increased to $97M.

Equally noteworthy is the repayment of $2M to our NSW Treasury Corp loan, reducing the debt for the Erskine Park warehouse to $6.9M.

It is the commitment and endeavour of many that drive success. ILG CEO Paul Esposito, has led his senior executive and the whole ILG team through a year of great challenge and great ambition. In his report Paul shares his perspectives on the performance and operations of the business.

BOARD GOVERNANCE

The rule changes passed by the membership at our Exceptional General Meeting of Members in May this year have been approved by the Registrar. These amended Rules will assist the Board and Management in improving governance processes and frameworks that will ensure best practice is always adhered to.

GOALS AND STRATEGIES

The Co-Operative's commitment to ensure the success and longevity of independents in the liquor industry remains its fundamental mission.

Our goal this ensuing year is centred on continued growth– growing the membership, growing the sales revenue, growing the total package offering, and growing our people's capability from both a staff and member perspective.

To keep us focused in realising these goals, the Board and Management with the professional expertise of Effective Governance have developed a strategic three-year plan aimed at driving a total service package that will keep our members' relevance and existence within a competitive and evolving market.

Driving efficiencies through Information Technology, continuing enhancement of our supply management, ongoing development of our organisational capability and securing a purposely built warehouse in Brisbane top the list of our key strategies.

WORK SAFE ENVIRONMENT

ILG has, is and will always give precedence to the welfare and wellbeing of the members and the staff. We have made every effort to observe the evolving public health orders in every state, as a result of the pandemic. Equally as important to us is keeping the lines of communication open for consultation, dialogue and simply staying connected to ensure everyone's concerns are addressed and resolved.

THE BUSINESS IN CHALLENGING TIMES

We recognise the collaborative work with our supplier members and the subsequent support and assistance to members impacted by ongoing restrictions.

We appreciate the continued co-operation from all our staff and their families in supporting some of the difficult decisions that had to be made and executed.

We are thankful to all our contractors who remained committed to working with us in servicing the members under tough and trying times.

We are sincerely grateful to all our members for your ongoing patronage and loyalty to the Co-Operative. Most importantly for your patience and understanding during testing times.

AGM UPDATE

Previous correspondence to members detailed an AGM to be held in April 2022. Due to the extended lockdown this year, the Board has had to apply for an extension to hold the AGM in October 2022. The AGM will be held in Queensland in conjunction with a Brand conference over a three-day period. I look forward to finally meeting with members in person and appreciate being part of the ILG family.

I thank Paul Esposito and the entire team at ILG and particularly acknowledge the significant contribution of my fellow directors who have worked diligently throughout the pandemic to overcome challenges that were cast upon us. Finally, I would like to thank our members and suppliers for their continued support.

Christopher Grigoriou
Chairman of the Board

CEO's Report

Despite the many unexpected challenges over the last financial year, my team at ILG remains focused on delivering for members and our ILG community. Our core purpose is to continue to build a business environment that enables our members to compete in a challenging market place.

FY21 was a record year for ILG against a backdrop of uncertainty. Together with our supplier members, we have navigated through a cyber attack and the unpredictable nature of working in a pandemic.

Together we have recorded sales exceeding $407 million for the first time in ILG's history.

FY21 Highlights

- Sales revenue increased by 24% to a record high of S407m
- ILG underlying EBIT increased by $4m to $4,244,514
- ILG underlying profit after tax increased from $128,369 to $3.1m
- ILGS repaid $2m to our Treasury-Corp loan
- Members benefits increased by 25%
- ILG welcomed 205 new members
- Total of 1317 Retailer member accounts
- Total of 203 Supplier member partners

The continued COVID-19 disruptions and restrictions severely impacted and threatened the future of over 50% of our members in the On-Premise channel. ILG provided support to all members by hibernating accounts or allowing them to return stock with no additional charges, and providing extended credit to assist with the re-opening.

The downturn in the On Premise was partially compensated for by our retail sectors, with our retail banners experiencing 26% growth. Along with the retail banner growth, it is very pleasing to report that we continue to grow our membership base and our members survey highlighted improvements in our members experience.

We have increased our investment in both our e-commerce and digital platforms to reflect changes in shopper behaviour. We have seen significant growth in both foot and click traffic in all participating banners. We continue to work closely with delivery aggregators, who have introduced new consumers to our banners and we now have over 170 members that can offer some form of e-commerce solution.

We are working closely with POS providers on integration which will enable greater flexibility for your customers and eliminate inventory issues. The opportunities for digital are endless and

we will look at simplifying the process so members have the opportunity to give customers more convenience.

We have continued to review our Members Own Brands or ILG Exclusives. We are currently reducing the range from 90 lines to 36 lines to improve sales and margin growth. We will launch a value beer proposition and will explore different pack formats in all categories to provide member value.

Our focus for the next year will be continue to be market competitiveness by:

1. A dedicated team to help with store upgrades.
2. Continue to review pricing so members will be able to deliver value for local communities.
3. Improve our Member Own Brands portfolio for growth opportunities.
4. Continue to invest and improve our e-commerce.
5. Grow our membership base.

I am excited about the next steps for the ILG Cooperative. We will:

- future proof ILG for our Queensland members by securing a new warehouse in SE Queensland
- continue to care for team members and provide a safe working environment
- engage with our supplier members to unlock further opportunities for growth
- support members in these uncertain times

Personally, I would like to thank the ILG team, particularly the staff who worked at the frontline last year to ensure we continued to support our members. I would also like to thank the Board for their participation, leadership and support.

Finally, I'd like to thank the ILG members and supplier members for a record performance in FY21! As mentioned, together we have recorded sales exceeding $407 million for the first time in ILG's history. I am proud of the results we have achieved together and looking forward to achieving similar results next year.

Regards,

Paul Esposito
Chief Executive Officer

Member Benefits

Business Development Workshops

2021 has seen a great resurgence of interest in ILG's business development workshops held throughout NSW and Queensland. Despite various restrictions, workshops have been held in Sydney, Brisbane, South Coast and Newcastle with further planned Far North QLD and Northern NSW. We have seen close to 200 participants from both states attend and head home or back to their workplace with simple, key points to implement to improve business profitability and efficiency, not to mention compliance!

The workshops have often seen more than one attend from a venue thereby increasing the opportunities for the ILG member to make solid gains from new ideas and methods. Peter Hall, long-time ILG member and now training consultant who is facilitating the workshops is seeing an increased skillset amongst younger supervisors and managers.

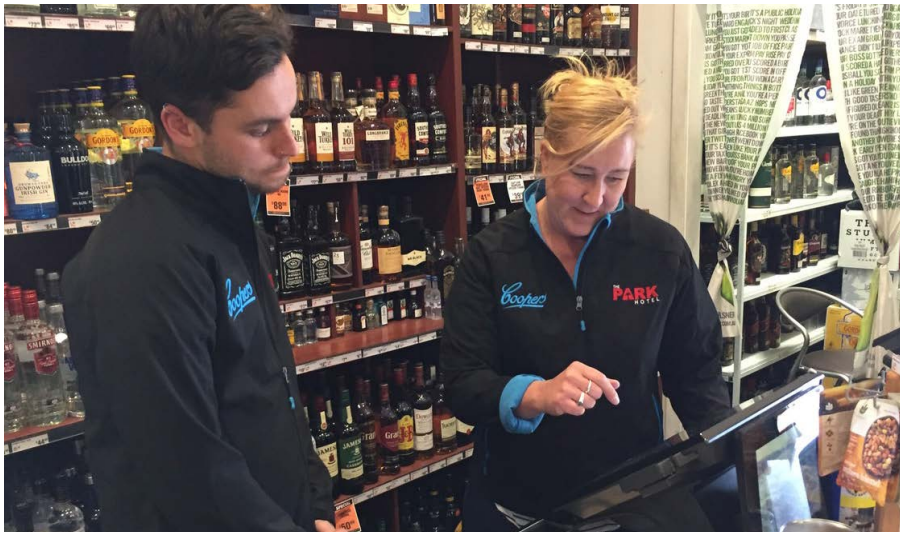
No matter your experience and skill level, there is always another way of looking at your business and in so doing, coming up with strategies for profit improvement, consolidated growth and ensuring a viable future.

"Both my managers are still talking about the training course and the positive attributes that have come from them. I would personally recommend these training seminars to anyone."

- Peter Cox, Maclean Cellars

" We have used Peter Hall's Manager Mentoring program to improve the professionalism and management skills of one of our key managers. She has worked with Peter over 5 months and the results in her performance are clear to see. This has been brilliant for our business."

- Adam Williams, Heathcote Hotel

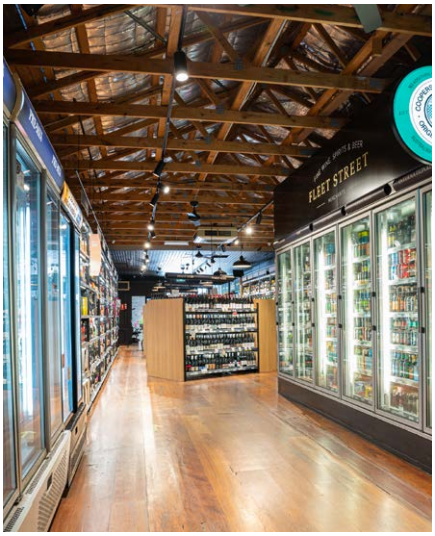


Retail Services Support

Creating an experience is key in any business and can be a point of difference in the drive to sway and keep customers. This year we have introduced a dedicated Retail Services role to provide advice and assistance in the areas of merchandising, planogram layouts, impact display execution, point of sale activation and other store set up essentials.

A good store layout enhances your customer's shopping experience. Anything from as simple as lighting, display space, shelving and traffic flow, they all add up to your store's appeal. The right layout enables ease of flow allowing customers to move around to see and browse products.

An effective layout beats any elaborate interior design in setting the ambiance for your customers. A balance in space, display and convenience is ideal. The successful execution of a design plan will optimise the store's capability to offer a gratifying shopping journey for its customers.



Let's Get Together Events

Our year-round family get togethers have been particularly impacted by the pandemic climate. Since our last family reunion in October 2019, we have only been able to catch up at the QLD Race Day in May and NSW Golf Day in June this year.

The buzz in seeing each other after the longest time was undeniably evident in both events. It was a delight to see familiar faces and witness in action the laughter and camaraderie that is what our Industry as well as the co-operative is all about.

Get Digital With ILG

Launched ahead of schedule last year to enable members to service the online demand, our e-commerce solution is doing exceptionally well with more and more members embracing this supplemental trading alternative.

To speed up the online carts for interested members, ILG partnered with Door Dash early this year. Although not exclusive, the affiliation with one of the largest logistics platforms has helped members make the first step to servicing the online market with ease. Partnering members have generated close to $200K in total sales revenue over the last 2 quarters.

In close collaboration with various point of sale and 3rd party e-commerce providers, we are close to completing the next level of our e-commerce offer. The outcome of this team effort will be a customised e-commerce solution to suit your independent retail operation.

Personalised
Tailored to suit the needs of your business

Increased Reach
Compete more effectively with an online presence

Convenient
Shopping access for your customers 24/7

Home Delivery
Integrated Delivery System

Apps
Apple iOS and Android apps available

Ownership & Security

We take delight in sharing the recent market valuations of the co-operative's distribution centres in NSW and QLD.

Built in 2007 for $18M, our Erskine Park depot in Sydney has appreciated to $45M.

Purchased in 2015 for $4.5M, our Townsville depot in Far North Queensland appreciated to $8M.

CHRIS GRIGORIOU
Fairfield West Cellars
Chairman of the Board

Our Board of Directors

The members voice, working closely together in the best interest of the membership

DAMIEN BOTTERO
Pittwater Cellars
Deputy Chairman

PETER COX
Dorrigo Cellars
Director

SERGIO COLOSIMO
Momento Hospitality
Director

ROBERT MCGHEE
Adams Tavern
Director

DOUG DALLEY
Northern Beaches Bowling Club
Director

SHAUGHN MURPHY
Lucky Star Tavern
Director

Reports

The Directors' Report

The directors of The Independent Liquor Group Distribution Co-operative Ltd present their report on the consolidated group (Group), consisting of The Independent Liquor Group Distribution Co-operative Ltd and the group it controlled at the end of, and during, the financial year ended 30 June 2021.

Directors

The following persons were directors of The Independent Liquor Group Distribution Co-operative Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Background	Member	Meeting Eligibility	Attended
Mr C Grigoriou (Chairman)	Business Owner	Fairfield West Cellars	11	11
Mr D Bottero (Deputy Chairman)	Business Owner	Pittwater Cellars	11	11
Mr P Cox	Business Owner	Dorrigo Cellars	11	10
Mr S Colosimo	Business Owner	Memento Hospitality	11	11
Mr D Dalley	Business Owner	Mackay Northern Beaches Bowls Club	11	11
Mr R McGhee	Business Owner	Adams Tavern	11	10
Mr S Murphy	Business Owner	Lucky Star Tavern	11	11

The principal activity of the Group during the financial year was the acquisition of liquor and related products from its members for wholesale sale. No significant change in the nature of that activity occurred during the financial year.

The net profit of the Group for the financial year after providing for income tax, amounted to $188,840 (2020: loss $643,277). No significant changes in the Group's state of affairs occurred during the financial year.

No information has been disclosed in respect of likely developments in the operations of the Group and the expected results of those operations in subsequent financial years, as in the opinion of the Directors, it would prejudice the interests of the Group to include such information.

The Group's operations are not regulated by any significant environmental regulation under the law of the Commonwealth or of a State or Territory.

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

Since the end of the previous financial year, no Director of the Group has received or become entitled to receive a benefit, other than a benefit included in related party transaction note shown in the accounts or the fixed salary of a full time employee of the Group or of a related group, by reason of a contract made by the Group or a related group with the Director or with a firm of which the director is a member or with an group in which the director has a substantial financial interest.

The Group has paid premiums to insure each director against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Group, other than conduct involving a willful breach of duty in relation to the Group.

The COVID-19 pandemic continued to create an uncertain economic environment causing significant volatility in the business during the year and subsequent to year-end. The Co-operative's key priority has been to protect the health and wellbeing of its staff, its suppliers and its members. The Co-operative has adhered to all government safety policy measures in response to dealing with the health risks and implemented financial measures to protect the liquidity of the business.

The Group continues to monitor the effects of COVID-19 on the business and ensuring its response plan is agile and up to date.

Signed in accordance with a resolution of the Board of Directors

Christopher Grigoriou
Chairman

Damien Bottero
Deputy Chairman

Sydney, NSW
30th November 2021

Independent Auditor's Report

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Sydney NSW 2000

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Independent Auditor's Report

To the Members of The Independent Liquor Group Distribution Co-operative Limited

Report on the audit of the financial report

Opinion

We have audited the consolidated financial report of The Independent Liquor Group Distribution Co-operative Limited ("the Entity") and its subsidiary ("the Group"), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying consolidated financial report of The Independent Liquor Group Distribution Co-operative Limited:

1 gives a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

2 complies with Australian Accounting Standards and the Co-operatives National Law (NSW).

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 Entity in accordance with the *Co-operatives National Law (NSW)* 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report cont.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the financial report

The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Co-operatives National Law (NSW). The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional 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 Entity's internal control.

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

Independent Auditor's 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Entity audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

James Winter

James Winter
Partner – Audit & Assurance

Sydney, 30 November 2021

Independence Declaration

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Auditor's Independence Declaration

To the Directors of The Independent Liquor Group Distribution Co-operative Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of The Independent Liquor Group Distribution Co-operative Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

James Winter

James Winter
Partner – Audit & Assurance

Sydney, 30 November 2021

Directors' Declaration

The directors of The Independent Liquor Group Distribution Co-operative Ltd declare that:

a) the financial statements, comprising the statement of profit or loss and Other comprehensive income,statement of financial position,statement of cash flows,statement of changes in equity and accompanying notes, are in accordance with the Co-operative National Law (NSW), as amended:

   (ii) comply with Accounting Standards and the Co-operatives National Regulations (NSW); and

   (iii) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date the Group;

b) in the directors' opinion there are reasonable grounds to believe that The Independent Liquor Group Distribution Co-operative Ltd will be able to pay its debts as and when they become due and payable.

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

Christopher Grigoriou
Chairman

Damien Bottero
Deputy Chairman

Sydney, NSW
30th November 2021

Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2021

	Note	Consolidated 2021 $	2020 $
Revenue	2	412,845,636	332,203,480
Less: Member Rebates provided		(11,820,167)	(9,287,811)
Total Revenue		**401,025,469**	**322,915,669**
Cost of sales		405,555,628	325,882,311
Less: Supplier Rebates received		(19,163,666)	(15,676,907)
Cost of Sales		**386,391,962**	**310,205,404**
Gross profit		14,633,507	12,710,265
Other income	2	1,344,967	1,036,783
Distribution expenses		(11,878,668)	(10,575,833)
Administrative expenses		(3,283,950)	(3,344,930)
Finance costs	3	(417,083)	(521,176)
Profit/(Loss) before income tax		**398,773**	**(694,891)**
Income tax expense	4	(209,933)	188,280
Profit/(Loss) for the year		188,840	(506,611)
Other comprehensive income		-	-
Total comprehensive income for the year		188,840	(506,611)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2021

	Note	Consolidated 2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	6	650,676	397,512
Trade and other receivables	8	34,528,715	32,305,470
Inventories	9	915,270	810,942
Total current assets		36,094,661	33,513,924
Non-current assets			
Deferred tax assets	12	574,926	762,981
Property, plant and equipment	13	2,875,630	2,889,006
Right of Use Assets	14	4,008,164	4,964,499
Intangible assets	15	597,475	597,475
Total non-current assets		8,056,195	9,213,962
Total assets		44,150,856	42,727,886
LIABILITIES			
Current liabilities			
Trade and other payables	16	24,909,156	27,211,595
Interest-bearing liabilities	17	12,105,049	7,933,867
Lease Liabilities - Current	20	1,013,349	1,025,923
Provisions	18	564,429	462,454
Share capital repayable on demand	21	232,250	224,000
Total current liabilities		38,824,233	36,857,839
Non-current liabilities			
Deferred tax liabilities	19	502,148	436,742
Lease Liabilities - Non Current	20	4,129,011	4,904,199
Provisions	18	102,933	125,414
Total non-current liabilities		4,734,092	5,466,355
Total liabilities		43,558,325	42,324,194
Net assets		592,531	403,691
EQUITY			
Retained earnings	22	592,531	403,691
Total equity		592,531	403,691

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2021

CONSOLIDATED ENTITY	Retained earnings $	Total equity $
Balance at 30 June 2019	910,302	910,302
Total comprehensive income for the year		
Loss for the year	(506,611)	(506,611)
Other comprehensive income	-	-
year	(506,611)	(506,611)
Balance at 30 June 2020	403,691	403,691
Total comprehensive income for the year		
Profit for the year	188,840	188,840
Total comprehensive income for the year	188,840	188,840
Balance at 30 June 2021	592,531	592,531

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

as at 30 June 2021

	Note	Consolidated 2021 $	2020 $
Cash flows from operating activities			
Cash receipts from customers		462,366,544	382,536,889
Cash paid to suppliers and employees		(463,779,992)	(374,496,987)
Interest received		43,280	25,309
Interest paid		(417,083)	(521,176)
Income tax paid		-	(82,840)
Income tax refund		43,529	-
Net cash (outflow)/inflow from operating activities	7	(1,743,722)	7,461,195
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,556,940)	(1,861,552)
Proceeds from sale of property, plant and equipment		162,157	313,007
Net cash outflow from investing activities		(1,394,783)	(1,548,545)
Cash flows from financing activities			
Proceeds from issue of shares		29,248	28,000
Payments for shares bought back		(21,000)	(25,500)
Proceeds from borrowings		4,409,406	528,422
Repayment of borrowings		(61)	(502,486)
Repayment of lease liability		(1,025,924)	(664,765)
Net cash (outflow) from financing activities		3,391,668	(636,329)
Net (decrease)/increase in cash and cash equivalents		253,163	5,276,321
Cash and cash equivalents at beginning of year		397,512	(4,878,809)
Cash and cash equivalents at end of year	7	650,676	397,512

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1: Summary of significant accounting policies

The Independent Liquor Group Distribution Co-operative Ltd is a Co-operative incorporated in Australia and is domiciled in Australia, ILG Retail Pty Limited is a company limited by shares that is incorporated and domiciled in Australia. The consolidated financial report was authorised for issue in accordance with a resolution of the directors on 30th November 2021. The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Co-operatives National Law (NSW) and Regulations.
The consolidated financial report also complies with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board.

The consolidated financial report has been prepared on the basis of historical costs and is presented in Australian currency.

(b) Going concern

For the year ended 30 June 2021, ILGD and its subsidiary (the entity) had recorded a profit before tax for the year of $398,773 and at year end, was in a net asset position of $592,531.

At year end this entity's current liabilities exceeded its current assets by $2,729,573. However, at year end this entity's current assets exceeded its current liabilities, by $9,375,476 excluding its current bank finance facility of $12,105,049.

This entity and The Independent Liquor Group (Suppliers) Co-operative Limited ("Suppliers") are dependent upon each other to support their respective working capital positions.

At year end for the two entities combined, current assets exceed their combined current liabilities by $2,389,791 and by $14,494,840 (excluding the bank finance facility of $12,105,049 in this entity), and excluding all inter co-operative balances.

Both this entity and Suppliers have provided each other letters of financial support indicating they will each provide the other with the necessary financial support to enable the other entity to continue as a going concern and meets its debts and the debts of both combined entities as and when they fall due for a period not less than 12 months from the date of the signing of this financial report (which is dated the same day as Supplier's annual report for the year ended 30 June 2021).

The Directors expect to achieve an operating surplus across the two entities in FY22. The Directors expect the finance facility, which is subject to annual review within twelve months will remain in place at a level similar to the current amount at least for the next twelve months from the date of the financial statements.

Since year end, for the period to 31 October 2021, the unaudited results indicate ILGD as a single entity has achieved a loss of $1,033,757 and its working capital deficiency was $2,513,337 as at 31 October 2021 (unaudited). Combined with Suppliers, as at 31 October 2021, the combined working capital position of combined entities was $4,322,660, and the combined entities achieved an operating surplus of $162,582.

As is referred to in Note 27, members of the Co-operative, and the entity have been effected by the trading restrictions and economic uncertainties from the COVID-19 pandemic during 2021. These uncertainties remain for the 2022 financial year. However, based upon the trading performance post year end, the Directors consider that the Co-operative will continue to operate as a going concern given the Co-operative's ability (with its subsidiary) to maintain a positive financial operating performance.

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities by the entity and the realisation of its assets and settlement of its liabilities in the ordinary course of business at the amounts stated in this financial report.

(c) Principles of Consolidation

The consolidated financial report includes the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities of the group have been eliminated in full for the purpose of these consolidated financial statements. Appropriate adjustments have been made to a controlled entity's financial report where the accounting policies used by that entity were different from those adopted in the consolidated financial statements.

(d) Adoption of new and revised accounting standards

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The Standards which are relevant to the group are simply Amendments to existing Standards and their adoption has not had a significant impact on the group.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1: Summary of significant accounting policies (continued)

(f) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate plus related on-costs expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the group in respect of services provided employees up to reporting date. 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.

(g) Impairment of assets

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences betweenthe carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or benefit in the statement of profit and loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of inventories are determined after deducting rebates and discounts. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale.

Determining the net realisable value of inventories relies on key assumptions that require the use of management judgement. These assumptions are the variables affecting the expected selling price and are reviewed annually. Any reassessment of the selling price in a particular year will affect the cost of goods sold.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1: Summary of significant accounting policies (continued)

(j) Leases

The Co-operative as a lessee

For any new contracts entered into on or after 1 July 2019, the Co-operative considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Co-operative assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Co-operative
- the Co-operative has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Co-operative has the right to direct the use of the identified asset throughout the period of use. The Co-operative assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Co-operative recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Co-operative depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Co-operative also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Co-operative measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Co-operative's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Co-operative has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Cooperative expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Co-operative has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

The Co-operative's accounting for leases as a lessor remains largely unchanged under AASB 16. The Co-operative classifies leases as an operating or finance lease based on whether substantially all the risks and rewards are transferred to the lessee.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Depreciation on assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant & equipment 3.0 to 13.33 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1: Summary of significant accounting policies (continued)

(l) Provisions

Provisions are recognised when the group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(m) Revenue recognition

Revenue arises mainly from the sale of liquor and related products to the group's customers. To determine whether to recognise revenue, the group follows a 5-step process: 1) Identifying the contract with a customer 2) Identifying the performance obligations 3) Determining the transaction price 4) Allocating the transaction price to the performance obligations 5) Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the group satisfies performance obligations by transferring the promised goods or services to its customers. The group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the group satisfies a performance obligation before it receives the consideration, it recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

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

Sale of goods

Revenue from sale of liquor and related products for a fixed price is recognised when the group has transferred control of the assets to the customer. Invoices for goods or services transferred are due upon receipt of goods. Where the transaction price is variable, the group estimates an amount of variable consideration using either the expected value or the most likely amount method to determine the amount of revenue to be recognised. The key variable component on the group's sales is the rebates it provides to its customers.

Finance fee

Finance fees represent charges to customers when they are invoiced for goods supplied, and are recognised as income when invoices are raised for sales.

Advertising income

The group is entitled to rebates from some of its suppliers when it executes specific purchase and promotional obligations. Revenue from rebate income is recognised when the group is entitled to the rebates in accordance with the supplier contract. The transaction price is based on the terms within the supplier contract.

Interest income

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

Other income

Other income is income derived from activities unrelated to the main focus of a business.

Management income represent the annual recharge between ILGD & ILGS for the costs of shared key staff members.

Rental income represents monthly fees collected from renting out warehouse spaces to other third party companies.

Accounting fee represents the fee ILG charges it's members for paying their accounts late. ILG invoices this charge monthly at the end of the month.

The JobKeeper payment is a wage subsidy paid by the Government to businesses significantly impacted by the Coronavirus. There was two phases of JobKeeper payments. In the first phase of JobKeeper (30 March to 27 September 2020) eligible businesses and not-for-profits were able to receive $1,500 (before tax) per fortnight per employee to cover the cost of wages. During the extension phase of JobKeeper (28 September 2020 – 28 March 2021), the Payment was tapered and targeted to those businesses that continued to be significantly affected by the economic downturn. Businesses were required to reassess their eligibility with reference to their actual turnover. ILG was eligible for the first phase of the JobKeeper payments.

(n) Financial instruments

Financial assets and liabilities

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. 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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1: Summary of significant accounting policies (continued)

(n) Financial instruments (con't)

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable) 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:

• amortised cost
• fair value through profit or loss (FVPL)
• equity instruments at fair value through other comprehensive income (FVOCI)
• debt instruments at fair value through other comprehensive income (FVOCI) 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.

Classifications are determined by both:
• The entities business model for managing the financial asset
• The contractual cash flow characteristics of the financial assets 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.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

(o) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables also include discounts and rebates receivable from suppliers for purchases of inventories. Rebates associated with the purchases of inventory are recorded as a reduction in the cost of inventory on hand until the inventory is sold.

Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Co-operative holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The Co-operative applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

(p) Trade payables

Trade and other payables represent liabilities for goods and services provided to the group prior to the year end and which are unpaid. These amounts are unsecured and have payment terms of 30 to 210 days. They are recognised at amortised cost.

(q) Borrowings

Bills of exchange are recorded at an amount equal to the net proceeds, with the premium or discount amortised bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis.

Debentures, bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis. Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing.

All borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months

(r) Goods and Services Tax (GST)

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Share capital repayable on demand

Refer to Note 22

(t) Comparative figures

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

(u) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the statement of profit or loss and is not subsequently reversed.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1: Summary of significant accounting policies (continued)

(v) Critical accounting estimates and judgements

Revenue recognition

For sale of goods, revenue is recognised when the goods are delivered as this is the point in time at which the group has transferred control of the assets to the customer, delivered its service and hence satisfied its performance obligations. The group needs to assess when it has transferred control of the assets to the customer. Where the transaction price is variable, the group estimates an amount of variable consideration using either the expected value or the most likely amount method to determine the amount of revenue to be recognised. The transaction price may be varied due to discounts offered to customers. The group may therefore have to use its judgement in determining and applying the variation in the transaction price. This may impact the revenue recognised by the group for sale of goods. For advertising income, the group recognises revenue based on the contracts with the suppliers. The group needs to assess the point at which it is entitled to the rebates and also determine the transaction price which is charged to the suppliers. This price is based on the respective supplier agreement.

Impairment

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

Provision for impairment of receivables

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:
• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. The concentration of impairment is limited due to the customer base being large and unrelated. The impairment allowance for trade receivables was increased to $673,388 at 30 June 2021 (2020: $537,100).

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 items of property, plant and 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.

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 group'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.

Lease term

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Co-operative expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Co-operative has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Co-operative estimates it would have to pay a third party to borrow funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Extension options

The Co-operative assesses at lease commencement whether it is reasonably certain to exercise extension options, and where it is reasonably certain, the extension period is included in the lease liability.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 2 REVENUE & OTHER INCOME

	Consolidated 2021 $	Consolidated 2020 $
Revenue recognised at a point in time		
Revenue from sales of goods	407,305,963	327,326,835
Finance fee	4,707,514	4,045,845
Advertising income	832,159	830,800
	412,845,636	**332,203,480**
Other		
Interest Income	43,280	25,309
Management Fee	429,871	739,042
Rental Income	241,292	196,904
Job Keepers Payment	502,500	421,500
Accounting Fees Collected	68,337	164,511
Other	59,687	228,560
	1,344,967	1,036,783

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 3 EXPENSES

	Consolidated 2021 $	Consolidated 2020 $
Loss before income tax includes the following specific expenses:		
Finance Costs		
Interest paid/payable		
-Leases -Right of Use	285,429	296,149
-Other external parties	131,654	225,027
Total finance costs	417,083	521,176
Depreciation expense		
Plant and equipment	1,332,423	1,510,184
Right of Use Assets	951,141	947,952
Total depreciation	2,283,564	2,458,136
Gain on disposal of non current assets	(75,736)	(24,519)
Employee benefits	5,339,436	4,952,646
Rental expenses relating to leases	348,345	138,164
Bad and doubtful debts - expense	168,000	168,000

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 4 INCOME TAX (BENEFIT)/EXPENSE

	Consolidated 2021 $	Consolidated 2020 $
The components of income tax (benefit)/expense comprise:		
Current tax	-	0
Deferred tax	253,462	(188,281)
Adjustments for previous years	(43,529)	
Total income tax expense/(benefit)	209,933	(188,280)
Reconciliation of the effective tax rate		
Profit/(Loss) before income tax (benefit)/expense	398,773	(694,891)
Tax at the Australian tax rate of 30% (2020: 30%)	119,632	(208,468)
Add/(less) tax effect of:		
- other permanent and timing differences and utilised tax losses	90,302	20,188
Income tax expense/(benefit)	209,933	(188,280)

NOTE 5 AUDITORS' REMUNERATION

	Consolidated 2021 $	Consolidated 2020 $
Audit services		
Amounts paid/payable to Grant Thornton for audit or review of the financial report for the entity and its subsidiary	34,188	32,812
	34,188	32,812
Taxation services		
Amounts paid/payable to Grant Thornton for non-audit taxation services performed for the entity or any entity in the group:	4,813	4,619
	4,813	4,619

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 6 CASH AND CASH EQUIVALENTS

	Consolidated 2021 $	Consolidated 2020 $
Cash on hand	9,580	9,080
Cash at bank	641,096	388,432
	650,676	397,512

NOTE 7 CASH FLOW INFORMATION

	Consolidated 2021 $	Consolidated 2020 $
a) Cash on hand	9,580	9,080
Cash at bank	641,096	388,432
Balances per statement of cash flows	650,676	397,512

Reconciliation of loss after income tax to net cash flow from operating activities	Consolidated 2021 $	Consolidated 2020 $
(Loss) for the year	188,840	(506,611)
Depreciation and amortisation	2,288,758	2,458,136
-Increase/(decrease) in provision for Employee benefits	79,500	93,623
Net (gain)/loss on sale of property, plant and equipment	75,736	(24,519)
Changes in assets and liabilities:		
-(Increase)/Decrease in trade receivables	(2,200,826)	(5,194,626)
-(Increase) in other receivables and prepayments	(157,655)	(374,813)
- (Increase)/Decrease in inventories	(104,327)	(241,135)
-(Decrease) in tax payable		
-(Increase) in deferred tax assets	188,056	(287,997)
- Increase in deferred Tax liabilities	65,406	128,737
- (Decrease) in current Tax liabilities	-	(111,861)
-Decrease/(Increase) in related party receivables	135,235	1,555,878
-Decrease/(Increase) in trade & other payables	(2,228,549)	11,254,501
- (Increase)/Decrease in related party payables	(73,896)	(1,288,118)
Net cash flow from operating activities	(1,743,722)	7,461,195

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)

	Consolidated	
	2021	2020
	$	$
Trade receivables	30,348,166	28,011,052
Allowance for credit losses	(673,388)	(537,100)
	29,674,778	27,473,952
Other receivables	1,991,949	1,630,956
Prepayments	477,385	680,724
Other related parties	2,384,603	2,519,838
	34,528,715	32,305,470

Movements in allowance for expected credit losses	Consolidated	
	2021	2020
	$	$
Opening Balance	(537,100)	(456,510)
Remeasurement of loss allowance	(168,000)	(168,000)
Allowance written back during the year	31,712	87,410
Closing balance	(673,388)	(537,100)

NOTE 9 INVENTORIES

	Consolidated	
	2021	2020
	$	$
Finished goods	915,270	810,942

NOTE 10 PARENT ENTITY

	2021	2020
	$'000	$'000
Statement of Financial Position		
Assets		
Current assets	37,064,585	34,606,666
Non-current assets	7,168,260	8,109,126
Total Assets	**44,232,845**	**42,715,792**
Liabilities		
Current liabilities	39,218,637	37,117,089
Non-current liabilities	4,056,190	4,807,923
Total Liabilities	**43,274,827**	**41,925,012**
Funds		
Accumulated Surplus	958,018	790,780
Total Funds	**958,018**	**790,780**
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	398,434,033	321,438,783
Profit/(Loss) before income tax expense	369,460	(279,951)
Profit/(Loss) for the year	167,238	(204,511)
Total comprehensive income	**167,238**	**(204,511)**

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 11 CONTROLLED ENTITY

(a) The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1(c).

Name of entity	Country of incorporation	Class of shares	Equity holding 2021 %	Equity holding 2020 %
ILG Retail Pty Ltd	Australia	ORD	100%	100%

This subsidiary is a small propietary company under section 45A(2) of the Corporations Act 2001 and under section 292(2) of the Corporations Act 2001 has no obligation to prepare a financial report.

NOTE 12 DEFERRED TAX ASSETS

	Consolidated 2021 $	Consolidated 2020 $
Deferred tax assets comprise temporary differences attributable to:		
Amounts recognised in statement of financial performance		
Doubtful debts	202,016	161,288
Employee benefits	200,213	176,363
General Accruals	13,684	106,706
Tax losses	159,013	318,624
Total deferred tax assets	574,926	762,981
Movements in deferred tax assets		
Opening balance 1 July	762,981	474,985
Credit to statement of financial performance	(188,055)	287,996
Closing balance 30 June	574,926	762,981

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2021 $	Consolidated 2020 $
Plant and equipment		
At cost	10,577,082	9,787,624
Accumulated depreciation	(7,701,452)	(6,898,618)
	2,875,630	2,889,006

Movements in carrying amounts

Reconciliations of the carrying amounts of each class of property, plant & equipment at the beginning and end of the current and previous financial year are set out below:

Total Plant & Equipment

Carrying amount at beginning of financial year	2,889,006	2,826,126
Additions	1,414,498	1,861,552
Disposals	(95,452)	(288,488)
Depreciation	(1,332,423)	(1,510,184)
Carrying amount at end of financial year	**2,875,630**	2,889,006

NOTE 14 Right of Use Assets

	Consolidated 2021 $	Consolidated 2020 $
Right of Use Assets		
At cost	5,912,451	5,912,451
Accumulated Depreciation	(1,904,287)	(947,952)
	4,008,164	4,964,499

NOTE 15 INTANGIBLE ASSETS

	Consolidated 2021 $	Consolidated 2020 $
Purchase of Retail Business at Bacchus Marsh		
Goodwill on business combination	597,475	597,475
	597,475	597,475

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 16 TRADE AND OTHER PAYABLES

	Consolidated 2021 $	Consolidated 2020 $
Trade Payables	(220,082)	(203,666)
Trade payables - other related parties	15,964,160	20,515,367
Other Payables	8,327,034	5,987,954
Other Payables Related Parties	838,044	911,940
	24,909,156	27,211,595

NOTE 17 INTEREST-BEARING LIABILITIES

	Consolidated 2021 $	Consolidated 2020 $
Secured		
Bank finance facility	8,000,000	8,000,000
Bank trade facility	4,105,049	(66,133)
Total current interest-bearing liabilities	12,105,049	7,933,867

The bank finance facility is secured by a guarantee unlimited as to the amount by the Co-operative, a first registered company charge by The Independent Liquor Group (Suppliers) Co-operative Limited over whole of its assets and undertakings including uncalled capital and a first registered mortgage by The Independent Liquor Group (Suppliers) Co-operative Limited over two properties, one located at 16-32 Tyrone Place, Erskine Park NSW 2759, and the other one located at 677-685 Ingham Road, Mount St John QLD 4818.

NOTE 18 PROVISIONS

	Consolidated 2021 $	Consolidated 2020 $
CURRENT		
Employee benefits	564,429	462,454
NON-CURRENT		
Long Term employee benefits	102,933	125,414

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 19 DEFERRED TAX LIABILITIES

	Consolidated 2021 $	Consolidated 2020 $
Deferred tax liabilities comprise temporary differences attributable to:		
Amounts recognised in statement of financial performance		
Income accrued but not yet invoiced	502,148	436,742
	502,148	436,742
Movements in deferred tax liabilities		
Opening balance at 1 July	436,742	308,005
Credit/(debit) to statement of financial performance	65,407	128,737
Closing balance at 30 June	502,148	436,742

NOTE 20 LEASE LIABILITY

	Consolidated 2021 $	Consolidated 2020 $
Lease Liability - Current	1,013,349	1,025,923
Lease Liability - Non Current	4,129,011	4,904,199
	5,142,359	5,930,122

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 21 SHARE CAPITAL REPAYABLE ON DEMAND

	Consolidated	
	2021 Shares	2021 $
Share capital		
Ordinary shares		
Fully paid	232,250	232,250

Movements in ordinary share capital

Date	Details	Number of shares	Issue price	$
30 June 2019	**Balance**	221,500		221,500
	Shares issued less shares redeemed	2,500	$ 1.00	2,500
30 June 2020	**Closing balance**	224,000		224,000
	Shares issued less shares redeemed	8,250	$ 1.00	8,250
30 June 2021	**Closing balance**	232,250		232,250

The Co-operative's share capital consists of the amount of shares issued to the members by the Co-operative. From time to time, existing members leave the Co-operative and new members join the Co-operative. Members who leave the Co-operative are entitled to have their share capital amounts repaid to them. New members have to buy shares in the Co-operative. The Co-operative's Rules (and the Co-operatives Act) requires that when a member is not presently an active member and has not been an active member at any time during the past three years, the Co-operative must declare the membership of the member cancelled and then has twelve months within which to repay to the former member the amount of the paid up value of the former member's shares. Due to the Co-operative's above obligations, the Co-operative's share capital meets the definition of financial liabilities as per AASB 9: Financial Instruments: and hence the issued paid up capital is classified as a financial liability.

NOTE 22 RETAINED EARNINGS

	Consolidated	
	2021 $	2020 $
Retained Earnings		
Balance at start of the year	403,691	910,302
Profit/(loss) for the year	188,840	(506,611)
Balance at the end of the year	592,531	403,691

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 23 RELATED PARTY TRANSACTIONS

Parent entity

The Independent Liquor Group Distribution Co-Operative Ltd is the parent entity of the Group. Independent Liquor Group Distribution Co-Operative Ltd is the ultimate parent entity of ILG Retail Pty Ltd, owning 100% of the ordinary shares in ILG Retail Pty Ltd at 30 June 2021.

Subsidiaries

Interests in subsidiaries are disclosed in Note 12

	Consolidated	
	2021	2020
	$	$
Other Key management personnel compensation	**318,182**	**306,060**
Directors Fees	**109,702**	**111,684**

Related Party Transactions

All related party transactions are on normal commercial terms.

The Directors or their related private businesses may be members of the Co-operative and transact with the entity on arms length commercial basis.

(a) Receivables

Aggregate amounts receivable from The Independent Liquor Group (Suppliers) Co-operative Limited at balance date are:

	2021	2020
Current	$	$
Other accounts receivable	2,384,603	2,519,838
	2,384,603	2,519,838

(b) Payables

Aggregate amounts payable to The Independent Liquor Group (Suppliers) Co-operative Limited at reporting date are:

	2021	2020
	$	$
Current		
Other trade payables	930,563	911,940
Trade payables	15,964,160	20,515,367
	16,894,723	21,427,307

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 23 RELATED PARTY TRANSACTIONS (continued)

(c) During the year the Co-operative had the following transactions with related parties:

The Independent Liquor Group (Suppliers) Co-operative Limited:

	2021 $	2020 $
a) Purchase of goods	404,714,904	325,849,949
b) Payment for		
- management fee	1,643,620	1,881,576
- rental of motor vehicles, equipment and premises	66,012	66,012
c) Income from		
- management fee	429,871	739,042

(d) During the year the Co-operative had the following transaction with director related entities

	2021 $	2020 $
a) Sales of Goods	5,337,412	5,413,040
b) Total Rebate paid	159,553	267,839
c) Study tour subsidy	-	25,000

(e) Subsidiary

During the year The Independent Liquor Group Distribution Co-operative Ltd , the parent entity had the following transactions with its subsidiary, ILG Retail Pty Limited:

	2021 $	2020 $
a) Sale of goods	2,696,901	1,682,122
b) Rebates paid	99,691	61,897

	2021 $	2020 $
Trade receivables	1,776,133	1,632,497
Other receivables	27,903	20,932
Loan receivable	942,471	945,771
Other trade payables	92,519	81,062

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 24 COMMITMENTS

Lease commitments	Consolidated 2021 $	Consolidated 2020 $
Non-cancellable operating leases - future minimum lease payments		
Within one year	10,738	24,564
Later than one year but not later than 5 years	16,532	37,634
Later than 5 years	-	-
	27,270	**62,198**

NOTE 25 CONTINGENT LIABILITIES

The Co-operative has given a guarantee to Commonwealth Bank Australia for guarantees given by Commonwealth Bank Australia to Treasury Corporation of NSW, on behalf of the sister Co-operative of The Independent Liquor Group Distribution Co-operative Ltd, The Independent Liquor Group (Suppliers) Co-operative Limited. The guarantee is secured by a mortgage debenture over the assets and undertakings of the Co-operative. As at balance date the guarantees so guaranteed by the Co-operative amounted to $9,060,000 (2020: $9,060,000).

As indicated in Note 1 (b) the Independent Liquor Group Distribution Co-operative Ltd and the Independent Liquor Group Suppliers Co-operative Limited have provided each other letters of financial support indicating they will each provide the other with the necessary financial support to enable the other entity to continue as a going concern and meets its debts and the debts of both combined entities as and when they fall due for a period not less than 12 months from the date of the signing of this financial report (which is dated the same day as Supplier's 2021 financial report).

The Independent Liquor Group Distribution Co-operative Ltd ("Distribution") has a contingent liability as a result of a legal matter unrelated to trading activities. The extent of the contingency is uncertain and maybe material in addition to the amount provided in the financial statements. Given the commercial nature of the matter further detail has not been disclosed. The Directors consider any potential exposure from the contingency can be managed within existing operating cash flows.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 26 SEGMENT REPORTING

The Co-operative operates predominantly in one business segment being the acquisition of liquor and related products from its members for wholesale and retail sale in New South Wales, Queensland and Victoria.

NOTE 27 IMPACT OF COVID-19

The COVID-19 pandemic has continued to impact the company throughout the financial year. The Co-operative was considered to be an essential service and was allowed to continue to trade, albeit, not as per normal trading conditions.

The pandemic affected demand for its goods and services and sales and gross margins of the Co-operative have been impacted. Management's focus was to control working capital in this period to ensure the continued viability of the Co-operative.

The Co-operative has carefully considered the impact of COVID-19 in preparing its financial statements for the year ended 30 June 2021. The key impacts on the financial statements, including the application of critical estimates and judgements are as follows:

Provision for credit losses

The Co-operative has assessed the impact of COVID-19 when assessing credit risk and measuring expected future credit losses including past events and current conditions. There were no material provisions for credit losses reported as a result of COVID-19.

Assessment of impairment of non- financial assets

The Co-operative assessed property plant and equipment, goodwill and right-of-use assets for indicators of impairment. The company prepared an assessment of impairment on its non-financial assets and no impairment has been recorded as a result of COVID-19.

NOTE 28 EVENTS SUBSEQUENT TO REPORTING DATE

The impact of the COVID-19 pandemic is ongoing and there is significant uncertainty around the breadth and duration of business disruptions related to the pandemic, as well as the impact on the Australian and International economies. We cannot reasonably estimate the length or the severity of this pandemic after the reporting date. The Co-operative has adhered to all government safety policy measures in response to dealing with the containment of the pandemic.

The Co-operative did not identify any subsequent events in relation to any COVID-19 related developments which would require adjustment to the amounts or any further disclosures in the financial statements.

No other matters or circumstances have arisen since 30 June 2021 that have significantly affected, or may significantly affect the Co-operative's operations.

THE REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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ERSKINE PARK NSW 2759

DISTRIBUTION CO-OPERATIVE LTD

independent liquor group

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