

49th Annual Report

The Independent Liquor Group
(Suppliers) Co-operative
Limited

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



2024



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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



COMMITMENT



INNOVATION



LOYALTY



PASSION



PEOPLE

Registered Trademarks



Other Brands



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

Chairman's Report

Dear Members,

The Year 2024 is a challenging but marvellous year for ILG and our members. Our results reflect the uncertain economy and the remarkable steps we have taken to invest in our future growth. We continue to maintain our commitment to serving the independence of the liquor industry and the needs of our members.

FINANCIALS

Our sales revenue for 2024 was over \$520 million, marking a 6% increase from the previous year, setting another growth record for our Co-operative. Additionally, we paid out approximately \$13.5 million in member rebates and \$5.7 million in non-cash benefits.

This financial year, the Board and management anticipated a temporary loss. The loss position reflects the long-term strategy of the Board in funding ILG's growth out of working capital instead of incurring debts:

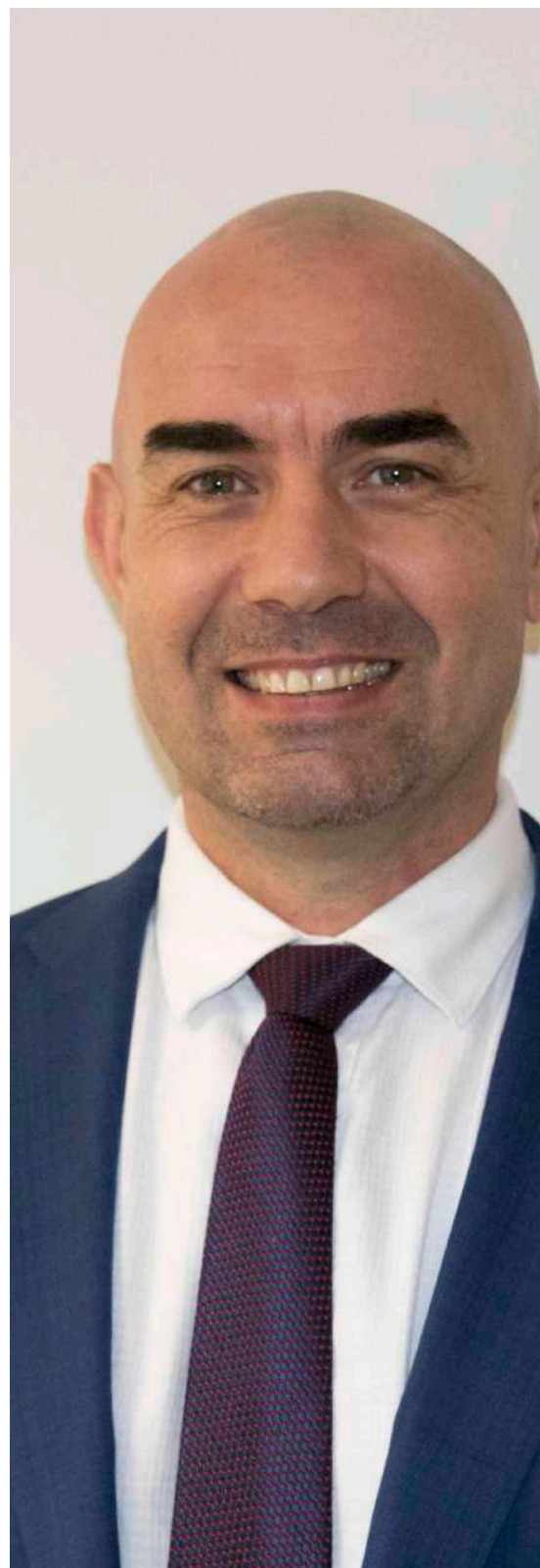
- In the last four years, ILG experienced tremendous growth based on its limited resources. In FY 2024, we brought on more team members in trading, supply chain, finance, eCommerce and marketing to address shortfalls in workforce and to facilitate future growth. – Our People are core to our success.
- We have invested heavily in e-commerce and digital wallet/marketing apps so that our members can enjoy the benefits of e-commerce and improve their revenue.
- With rapid membership growth in Victoria and Queensland, we have engaged a third-party logistics company to facilitate the deliveries in Victoria and also expanded our Richlands leased warehouse.
- The maximised membership rebate and non-cash benefit hurt our bottom-line, but they contribute to the sustainability of our members in this uncertain and difficult economy.

All of the above investments have laid a solid foundation for the future of ILG. This echoes the benefit of having a Board of all member-directors: We plan for long-term sustainability, rather than chasing short-term profit.

On behalf of the Board, I'd like to thank our CEO Paul Esposito and his leadership team for their loyalty and commitment in supporting and delivering the Board's long-term strategy successfully.

GOALS AND STRATEGIES

In May 2024, the Board approved the 2024-2026 Strategic Plan. This plan is designed to continue forging a comprehensive service package that keeps ILG competitive in the market, ensuring the success and endurance of independent players in the liquor industry.



The 2024 strategic target has been met with great success on expanding our retail membership base in Victoria and continuously growing our membership in NSW, ACT and QLD. We have also launched e-commerce and digital wallet mobile applications to our banner groups, which aims to increase foot traffic at members' physical and online stores.

Led by our director Sergio Colosimo, we identified and secured "built-for-lease" contract for our new QLD Distribution Centre. The construction is underway and due to completion in August 2025. My special thanks to Mr Colosimo and management team who are heavily involved in this project.

GOVERNANCE

The Board and Management team are committed to whole-of-organizational governance best practices. The focus in 2024 was on risk management and assurance of ILG operations. The Board approved the Internal Audit Charter with Company Secretary leading the three-year rolling Internal Audit and Assurance Plan.

The Assurance Plan aims to safeguard members' best interest and assist management in key risk and operational areas, such as cyber security, inventory management, contract negotiation and management, rebate programs, payroll and work health safety.

I extend my appreciation to our Company Secretary, Susie Zhong, and our dedicated directors for their diligence in driving these governance, risk management and assurance initiatives.

I'd like to acknowledge the invaluable collaboration and support of our CEO Paul Esposito, our CFO Karen Anderson and the executive team in these assurance programs. Together we drive excellence in organisational performance.

Special mention also goes to Mr. Doug Dalley, who has been appointed to the Audit and Risk Committee following his retirement as an ILG director in October 2022. Mr Dalley unfortunately due to work commitments retired from the Committee in August 2024. The Board is grateful for his input.

NAVIGATING THROUGH UNCERTAIN TIMES

To our valued supplier members, I extend my deepest gratitude for your contribution, especially as you continue navigating through the challenges of global supply chain disruptions, geopolitical tensions and the uncertain economy.

We are extremely grateful to our retail members, your loyalty to the Co-operative is essential for our success. Your understanding and resilience embody the spirit of independence in our industry.

On behalf of the Board, I'd like to express my gratitude to all our staff and their families for their steadfast support alongside the Co-operative. Our core values: **Commitment, Innovation, Loyalty, Passion, and People**, are the pillars upon which our Co-operative stands.

In closing, let us reaffirm our dedication to ensuring the success and longevity of independents in the liquor industry. Together, we empower each other with the strength and benefits of belonging to Australia's largest member-owned liquor Co-operative. Remember, our members are not just independent: we are a family.

Yours Faithfully,



Damien Bottero | Chairman of the Board

CEO's Report

Dear Members,

I would like to welcome you to this year's annual report. As we reflect on the past financial year, I am proud to report it has been another outstanding year for ILG. This year's results continue to highlight the success and momentum ILG has experienced over the years. These results are driven by passionate members and staff alike, with a want to build a stronger ILG.

FY24 continued to break records; highlighted by an uplift in sales revenue, record return to members and record membership. These results have been delivered on the back of a strong strategic plan to futureproof ILG.

FY24 HIGHLIGHTS

- Sales Revenue increased from \$497M to a record high of \$524M.
- ILG underlying EBIT reported was \$11.6m before member benefits.
- Members benefits paid \$13.466m
- Non-Cash Benefits to members \$5.7m
- ILG welcomed 296 new members
- ILG increased sales revenue by 5.4%
- Supercellars increased sales revenue by 10%
- Bottler increased sales revenue by 6%%
- Fleet Street increased sales revenue by 17%
- NSW increased sales revenue by 1%
- QLD increased sales revenue by 10%
- Victoria increased sales revenue by 44%.
- Ecommerce sales revenue increased by 31%

ILG total liquor sales revenue increased by 5.4% for FY24 and 26% over the last three years. This was driven by improved sales in our non-bannered channel, growth in our retail banners and new members joining the Cooperative. The ILG wholesale network currently services 1,710 members/customers. Our tier 1 banners consist of 336 Supercellars stores, 387 Bottler stores, 34 Fleet Street stores and 505 Express tier 2 stores.

While we are proud of these achievements, it's important to address the decision made regarding our financial strategy. We opted not to refinance our debt, choosing instead to utilise cash flow to invest in our strategic plan for Victoria, expand our operations in Qld, and enhance our ecommerce and digital solutions. While these investments are vital for long-term growth, along with the current economic climate they have resulted in a profit loss position for F24. We believe that these strategic initiatives will better position ILG for future success.

Looking forward, even with the cost-of-living pressures, I expect momentum to continue, and we will welcome new members to ILG. Our initiatives remain clear: delivering sustainable growth while simplifying our business operations for our members.

Based on our strategic plan, our focus will be:

- Continue to grow our membership base.
- Grow revenue and volume.
- Deliver value for our members.
- Grow member benefits and provide better subsidies.
- Provide an e-commerce platform for our members free of charge.
- Expand into other markets.



I would like to thank my staff for their support, and for their commitment and contribution. I would like to also thank the ILG Board for their continued support and the assistance they provide in achieving our goals.

Most of all, I would like to thank the ILG members and supplier members for another record year and your unwavering support. Together, we will navigate the challenges ahead and we will emerge stronger and more unified.

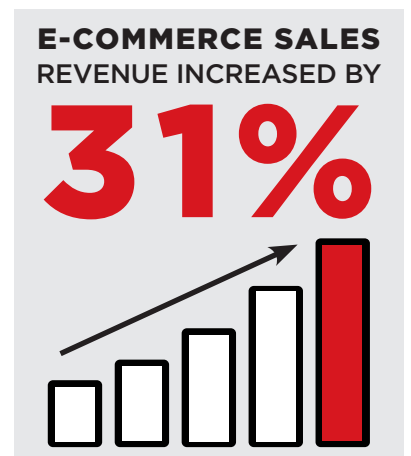
I am looking forward to what will be another successful year for our Cooperative and thank you for being part of the journey.

Warm Regards,



Paul Esposito
Chief Executive Officer

2024 at a glance



Member Benefits

Business Development Workshops

This year's workshops were a tremendous success, with an average of fifteen participants per session – the perfect size for fostering robust discussions while maintaining an intimate atmosphere. Facilitator Peter Hall ensured that everyone had the chance to voice their objectives and gain valuable insights.

We introduced an exciting update to the program this year with the addition of the ILG Digital Solutions, encouraging members to engage with their Business Development Executives (BDEs) to explore how digital tools can add value to their operations.

The retail courses covered all facets of liquor retailing, sparking fresh ideas between Peter and the participants. The hospitality courses focused on key areas such as stock control, margin boosting, expense management, and staff supervision.

These workshops attracted a diverse mix of new staff, who left feeling inspired by the insights, and current staff, who appreciated the valuable refreshers. Each session wrapped up with case studies, allowing participants to assess their own skills in real-world scenarios.

Attending these complimentary courses is not just a learning opportunity but a strategic advantage for your business. They equip your team with essential skills to improve operational efficiency, boost margins, and enhance customer service, all of which contribute directly to the bottom line. Plus, with the introduction of digital solutions, participants gain a competitive edge by staying ahead of industry trends.

These workshops are in high demand, so be sure to check upcoming dates and connect with your ILG BDE for more information. This is a member benefit and an opportunity not to be missed!

"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, Dorrigo 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

Our Retail Services Team continues to work diligently, helping more members enhance their store layouts and overall presence. We're excited by the strong response to this member benefit, which has proven to add significant value to your business.

A well-optimized store layout is more than just aesthetics; it plays a direct role in driving customer engagement, boosting sales, and ensuring a smooth shopping experience. By maximizing the flow, visibility, and appeal of your store, you're not only satisfying customers but also increasing their likelihood to return.

In today's highly competitive retail environment, having a distinctive store layout gives you a crucial edge. It reinforces your brand's uniqueness and helps capture more foot traffic. This free service is a valuable tool for strengthening your business – ensuring that you're set up for success.

Take advantage of this tailored support from our team to elevate your store's appeal and create a better shopping experience for your customers! Reach out to your BDE today!



Let's Get Together Events

ILG recognises the importance of member engagement being one of the most powerful tools for business growth. ILG's calendar of events offers you invaluable opportunities to build and strengthen those connections. Throughout the year, our events—ranging from conferences and trade expos to social gatherings like golf days and race days—provide a platform for members to exchange ideas, share insights, and foster meaningful partnerships.

By participating in these events, you'll have the chance to expand your professional network stay ahead of industry trends, collaborate, learn as well as strengthen relationships. Meeting like-minded fellow members, potential business partners, and suppliers can help your business thrive. It keeps you updated on the latest market developments, innovations, and opportunities that can benefit your business.

Our events are carefully crafted to create both formal and informal environments for learning, connecting, and having fun. Make sure you take full advantage of ILG's let's get together to help grow your network and, ultimately, your business.



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 \$45.7M.

Purchased in 2015 for \$4.5M, our Townsville depot in Far North Queensland appreciated to \$6.7M.





DAMIEN BOTTERO
Pittwater Cellars
Chairman of the Board



CHRIS GRIGORIOU
Fairfield West Cellars
Deputy Chairman

Our Board of Directors

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



ROBERT MCGHEE
Tumut Star Hotel
Director



PETER COX
Dorrigo Cellars
Director



SERGIO COLOSIMO
Momento Hospitality
Director



RIPPLE PAREKH
Foodworks Lake Cargellico
Director



TRACY HATCH
Wellshot Hotel
Director



SHAUGHN MURPHY
Lucky Star Tavern
Director

Reports

The Directors' Report

The Directors present their report, together with the financial statements, on the The Independent Liquor Group (Suppliers) Co-operative Limited ("the Co-operative) for the year ended 30 June 2024.

Directors

The following persons were Directors of the Co-operative during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr D Bottero (Chairman)
 Mr C Grigoriou (Deputy Chairman)
 Mr P Cox
 M S Colosimo
 Mrs T Hatch
 Mr R McGhee
 Mr S Murphy
 Mr R Parekh

Principal activities

During the financial year the principal continuing activities of the Co-operative 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.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Co-operative after providing for income tax amounted to \$1,408,749 (30 June 2023: profit of \$1,628,784).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Co-operative during the financial year.

Matters subsequent to the end of the financial year

For the June 2024 quarter, this entity and The Independent Liquor Group Distribution Cooperative Ltd (on a combined basis), breached their bank covenant requirement under the Bank Facility Agreement. On 27 August 2024, the bank indicated to the entities that it had decided not to exercise its rights relating to the breach however, it reserved the right to exercise its rights relating to any breaches in the future. As a result, given the entity did not have a right to defer its bank loan repayment at year-end, the balance of \$5,439,372 has been classified as a current liability on the Statement of Financial Position.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Co-operative's operations, the results of those operations, or the Co-operative's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Co-operative and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Co-operative.

Environmental regulation

The Co-operative is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meeting of Directors

Name	Member	Qualifications and experience	Number eligible to attend	Number attended
Mr D Bottero (Chairman)	Pittwater Cellars	Business owner	11	11
Mr C Grigoriou (Deputy Chairman)	Fairfield West Cellars	Business owner	11	11
Mr P Cox	Dorrigo Cellars	Business owner	11	10
M S Colosimo	Momento Hospitality	Business owner	11	11
Mrs T Hatch	Wellshot Hotel	Business owner	11	10
Mr R McGhee	Tumut Star Hotel	Business owner	11	10
Mr S Murphy	Lucky Star Tavern	Business owner	11	9
Mr R Parekh	Foodworks Lake Cargelligo	Business owner	11	11

Company Secretary

The Company Secretary of the Co-operative is Susie Zhong.

Directors' interest

Since the end of the previous financial year, no Director of the Co-operative 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 salary of an employee of the Co-operative or of a related entity, by reason of a contract made by the Co-operative or a related entity with the Director or with a firm of which the director is a member or with an entity in which the director has a substantial financial interest.

Indemnity and insurance of officers

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

During the financial year, the Co-operative paid a premium in respect of a contract to insure the Directors and executives of the Co-operative against a liabilities. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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

During the financial year, the Co-operative has not paid a premium in respect of a contract to insure the auditor of the Co-operative or any related entity.

Proceedings on behalf of the Co-operative

No proceedings have been brought or intervened in on behalf of the Co-operative.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 278 of the Co-operatives (Adoption of National Law) Act 2012 has been received.

This directors' report is signed in accordance with a resolution of the Board of Directors, pursuant to section 278 of the Co-operatives (Adoption of National Law) Act 2012.

On behalf of the Directors



Damien Bottero
Chairman



Christopher Grigoriou
Deputy Chairman

24 September 2024

Independent Auditor's Report



Grant Thornton Audit Pty Ltd

Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230

T +61 2 8297 2400

Independent Auditor's Report

To the Members of The Independent Liquor Group (Suppliers) Co-operative Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of The Independent Liquor Group (Suppliers) Co-operative Limited (the Entity), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the Directors' declaration.

In our opinion, the accompanying financial report of The Independent Liquor Group (Suppliers) Co-operative Limited is in accordance with the *Co-operatives National Law (NSW)*, including:

- a. giving a true and fair view of the Entity's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Independent Auditor's Report cont.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the entity incurred a net loss of \$1,408,749 during the year ended 30 June 2024 and, as of that date, the entity's current liabilities exceeded current assets by \$1,272,891. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 2024 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 Standard – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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.

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:

Independent Auditor's Report cont.

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

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 Audit Pty Ltd
Chartered Accountants



B Narsey
Partner – Audit & Assurance

Sydney, 24 September 2024

Independence Declaration



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Sydney NSW 2000
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T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of The Independent Liquor Group (Suppliers) 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 (Suppliers) Co-operative Limited for the year ended 30 June 2024, 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.

A handwritten signature in black ink that reads 'Grant Thornton' in a cursive script.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature in black ink that reads 'B Narsey' in a cursive script.

B Narsey
Partner – Audit & Assurance

Sydney, 24 September 2024

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Directors' Declaration

The Directors of The Independent Liquor Group (Suppliers) Co-operative Limited (the Co-operative) declare that:

1. The financial statements of The Independent Liquor Group (Suppliers) Co-operative Limited, comprising of 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-operatives National Law (NSW) including:

- (a) giving a true and fair view of the Co-operative's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- (b) complying with Australian Accounting Standards – Simplified Disclosure and the Co-operatives National Law (NSW); and

2. There are reasonable grounds to believe that The Independent Liquor Group (Suppliers) Co-operative Limited 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.



Damien Bottero
Chairman



Christopher Grigoriou
Deputy Chairman

24 September 2024

Financials

Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue	3	524,479,930	497,672,112
Cost of sales		(505,918,414)	(483,005,236)
Less: supplier rebates received		38,724	9,560
Cost of sales		(505,879,690)	(482,995,676)
Gross profit		18,600,240	14,676,436
Other income	4	5,829,104	4,765,802
Expenses			
Distribution expenses		(1,070,887)	(4,109,888)
Administration expenses		(24,122,483)	(14,944,482)
Finance costs	5	(402,590)	(320,496)
(Loss)/profit before income tax (expense)/benefit		(1,166,616)	67,372
Income tax (expense)/benefit	6	(242,133)	1,561,412
(Loss)/profit after income tax (expense)/benefit for the year attributable to the owners of The Independent Liquor Group (Suppliers) Co-operative Limited	20	(1,408,749)	1,628,784
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of The Independent Liquor Group (Suppliers) Co-operative Limited		(1,408,749)	1,628,784

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position

as at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	7	452,623	64,513
Trade and other receivables	8	23,348,532	25,933,143
Inventories	9	39,701,576	43,728,446
Income tax refund due	6	44,255	253,534
Total current assets		63,546,986	69,979,636
Non-current assets			
Financial assets	10	8,230	8,230
Property, plant and equipment	12	22,662,426	22,394,442
Right-of-use assets	11	2,290,673	2,429,588
Intangibles	13	989,715	769,430
Deferred tax	6	650,064	2,018,642
Total non-current assets		26,601,108	27,620,332
Total assets		90,148,094	97,599,968
Liabilities			
Current liabilities			
Trade and other payables	14	55,047,521	61,093,676
Borrowings	15	5,439,372	500,000
Lease liabilities	16	2,081,464	1,281,844
Employee benefits	17	1,577,520	1,333,793
Share capital repayable on demand	18	674,000	648,000
Total current liabilities		64,819,877	64,857,313
Non-current liabilities			
Borrowings	15	-	5,439,372
Lease liabilities	16	1,043,510	1,918,401
Employee benefits	17	148,041	129,377
Total non-current liabilities		1,191,551	7,487,150
Total liabilities		66,011,428	72,344,463
Net assets		24,136,666	25,255,505
Equity			
Building contribution fund	19	1,342,779	1,052,869
Accumulated funds	20	22,793,887	24,202,636
Total equity		24,136,666	25,255,505

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 2024

	Building contribution fund \$	Accumulated funds \$	Total equity \$
Balance at 1 July 2022	784,095	22,573,852	23,357,947
Profit after income tax benefit for the year	-	1,628,784	1,628,784
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,628,784	1,628,784
Contributions from members	268,774	-	268,774
Balance at 30 June 2023	<u>1,052,869</u>	<u>24,202,636</u>	<u>25,255,505</u>
	Building contribution fund \$	Accumulated funds \$	Total equity \$
Balance at 1 July 2023	1,052,869	24,202,636	25,255,505
Loss after income tax expense for the year	-	(1,408,749)	(1,408,749)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(1,408,749)	(1,408,749)
<i>Transactions with owners in their capacity as owners:</i>			
Contribution from members	289,910	-	289,910
Balance at 30 June 2024	<u>1,342,779</u>	<u>22,793,887</u>	<u>24,136,666</u>

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

Statement of Cash Flows

as at 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		585,341,636	560,156,644
Payments to suppliers (inclusive of GST)		(583,237,248)	(558,940,633)
Interest and other finance costs paid		(402,590)	(320,496)
Income taxes refunded		209,279	124,963
Net cash from operating activities		1,911,077	1,020,478
Cash flows from investing activities			
Payments for property, plant and equipment	12	(1,050,765)	(521,304)
Payments for intangibles	13	(220,285)	(235,647)
Proceeds from disposal of property, plant and equipment		7,444	2,750
Net cash used in investing activities		(1,263,606)	(754,201)
Cash flows from financing activities			
Proceeds from issue of shares		87,000	116,000
Proceeds from building contribution fund		289,910	268,774
Repayment of borrowings		(500,000)	(5,939,372)
Proceeds from borrowings		-	5,939,372
Payments for share buy-backs		(61,000)	(54,500)
Proceeds from lease finance		1,373,578	268,387
Repayment of lease finance		(1,448,849)	(900,292)
Net cash used in financing activities		(259,361)	(301,631)
Net increase/(decrease) in cash and cash equivalents		388,110	(35,354)
Cash and cash equivalents at the beginning of the financial year		64,513	99,867
Cash and cash equivalents at the end of the financial year	7	452,623	64,513

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 2024

Note 1. Material accounting policy information

The accounting policies that are material to the Co-operative are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Co-operative has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Co-operative.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the other authoritative pronouncements of the Australian Accounting Standards Board and the Co-operatives National Law (NSW) and Regulations.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Co-operative's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

This entity and The Independent Liquor Group Distribution Co-operative Limited (Distribution) are jointly party to a Bank Facility Agreement. The facilities under this agreement are secured against the assets of this entity and the assets of The Independent Liquor Group Distribution Co-operative Limited and its subsidiaries. For the June 2024 quarter, the two entities on a combined basis, breached their bank covenant requirement under the Bank Facility Agreement. On 27 August 2024, the bank indicated to the entities that it had decided not to exercise its rights relating to the breach however, it reserved the right to exercise its rights relating to any breaches in the future. As a result, given the entity did not have a right to defer its bank loan repayment at year-end, the balance of \$5,439,372 has been classified as a current liability on the Statement of Financial Position.

For the year ended 30 June 2024, the entity had recorded a loss after tax for the year of \$1,408,749 and at year end, was in a net asset position of \$24,136,666. At year-end, this entity's current liabilities exceeded its current assets by \$1,272,891 and this entity's current assets exceeded its current liabilities, by \$4,166,481 excluding its current bank loan of \$5,439,372.

This entity and The Independent Liquor Group Distribution Co-operative Limited Group (ILGD Group) are dependent upon each other to support their respective working capital positions. At year end, ILGD Group's current assets exceeded its current liabilities by \$25,677,493, excluding its bank finance facility of \$30,000,000. At year end for the two entities combined, current liabilities exceed their combined current assets by \$5,595,398 and the combined current assets exceed the combined current liabilities by \$29,843,974 excluding the bank finance facilities of \$30,000,000 in Distribution, \$5,439,372 in Suppliers and excluding all inter co-operative balances.

Both entities have provided each other letters of financial support committing that 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 Distribution's 2024 financial report).

As disclosed in note 25, the entity has a contingent liability as a result of a legal matter unrelated to trading activities. The Directors consider any potential exposure from the contingency can be managed within existing operating cash flows.

Since year end, for the period to 31 August 2024, the unaudited results indicate this entity has recorded a loss of \$410,287 and combined with Distribution, as of 31 August 2024, the combined entities had an operating loss of \$707,335.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 1. Material accounting policy information (continued)

The entity has reviewed the relevant conditions and events surrounding its ability to continue as a going concern. The Directors are expecting to achieve an operating surplus across the two co-operatives in FY25. At year-end, the combined bank loan and working capital limit available to this entity and The Independent Liquor Group Distribution Co-operative Limited under Bank Facility Agreement was \$38,939,000, of which \$5,439,000 had been utilised by this entity and \$30,000,000 had been utilised by The Independent Liquor Group Distribution Co-operative Limited. If required, the Directors will curb discretionary spending to ensure the cash flow of the Co-operative is within its financing facility limits. For these reasons, the Directors consider that this entity will continue to operate as a going concern.

The market rate loan of \$8,000,000 in Distribution is due to be repaid on 9 December 2024. The Directors will seek an extension to this loan. In addition, despite the expected surplus across the two co-operatives for FY25, the Directors, are still expecting to breach bank covenants at certain times during the 12 months from the date of the signing of this financial report. There is material uncertainty that the lender would provide an extension to the \$8,000,000 loan in Distribution and continue to reserve its rights relating to future covenant breaches. Therefore, this entity and Distribution could be called upon by the lender to pay back all borrowings and that this entity and Distribution would be required to obtain alternate finance to be able to continue as a going concern. There is material uncertainty that this entity and Distribution could obtain such alternate finance. Even if the current lender continues to waive its rights in relation to any future breaches of covenants, in the event of continued losses, this entity and Distribution may need additional borrowings to support working capital. There is additional material uncertainty around this entity and Distribution's ability to obtain additional borrowings to support working capital and hence their ability to meet their respective debts as and when they fall due and continue as going concern. Hence, the entity's cash and cash equivalents balance and financing requirements give rise to a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.

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.

Should the entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying value amounts of the amounts of liabilities that might result should the entity be unable to continue as a going concern and meet its debts as and when they fall due.

Revenue recognition

The Co-operative recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Co-operative is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Co-operative: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from sale of liquor and related products for a fixed price is recognised when the Co-operative 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 Co-operative 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 Co-operative's sales may include any rebates it provides to its customers.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 1. Material accounting policy information (continued)

Finance fees

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

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Co-operative's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Co-operative's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Co-operative has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Co-operative has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Co-operative recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Co-operative's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 1. Material accounting policy information (continued)

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed 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 carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Comparatives

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

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue recognition

For sale of goods, revenue is recognised when the goods are delivered as this is the point in time at which the Co-operative has transferred control of the assets to the customer, delivered its service and hence satisfied its performance obligations. The Cooperative needs to assess when it has transferred control of the assets to the customer. Where the transaction price is variable, the Co-operative 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 rebates and discounts offered to customers. The Co-operative 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 Co-operative for sale of goods.

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 Co-operative 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').

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 2. Critical accounting judgements, estimates and assumptions (continued)

'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 \$21,221 at 30 June 2024 (2023: \$21,221).

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The Co-operative determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

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 Cooperative'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

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Co-operative's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Co-operative reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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 the 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.

Note 3. Revenue

	2024 \$	2023 \$
Revenue from sale of goods	524,399,453	497,602,479
Finance fees	80,477	69,633
Revenue	<u>524,479,930</u>	<u>497,672,112</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 3. Revenue (continued)

	2024 \$	2023 \$
<i>Major product lines</i>		
Internal liquor sales	516,482,814	486,410,277
Internal tobacco sales	5,380,129	6,558,382
Liquor sales	2,536,510	4,633,820
	<u>524,399,453</u>	<u>497,602,479</u>
<i>Geographical regions</i>		
Australia	524,399,453	497,602,479
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	524,399,453	497,602,479

Accounting policy for revenue recognition

The Co-operative recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Co-operative is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Co-operative: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from sale of liquor and related products for a fixed price is recognised when the Co-operative 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 Co-operative 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 Co-operative's sales may include any rebates it provides to its customers.

Finance fees

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

Note 4. Other income

	2024 \$	2023 \$
Management fee	2,487,371	2,138,316
Sundry income	3,341,733	2,627,486
	<u>5,829,104</u>	<u>4,765,802</u>

Management income

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

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 4. Other income (continued)

Sundry income

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 5. Expenses

	2024 \$	2023 \$
(Loss)/profit before income tax includes the following specific expenses:		
<i>Depreciation expense:</i>		
Property, plant and equipment	782,074	734,080
Right-of-use assets	1,371,962	699,366
Total depreciation	2,154,036	1,433,446
Rental expenses relating to short-term and low-value leases	611,093	344,259
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	255,894	224,896
Interest and finance charges paid/payable on lease liabilities	146,696	95,600
Finance costs expensed	402,590	320,496
<i>Superannuation expense</i>		
Defined contribution superannuation expense	779,665	631,039
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	8,741,863	7,439,951
<i>Write off of assets</i>		
Allowance for expected credit losses	2,633	-

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 6. Income tax

	2024 \$	2023 \$
<i>Income tax expense/(benefit)</i>		
Current tax	(1,126,445)	-
Deferred tax - origination and reversal of temporary differences	1,368,578	(1,561,412)
Aggregate income tax expense/(benefit)	<u>242,133</u>	<u>(1,561,412)</u>
Income tax expense/(benefit) is attributable to:		
(Loss)/profit from continuing operations	242,133	(1,561,412)
Profit from discontinued operations	-	-
Aggregate income tax expense/(benefit)	<u>242,133</u>	<u>(1,561,412)</u>
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets	1,335,009	(1,596,909)
Increase in deferred tax liabilities	33,569	35,497
Deferred tax - origination and reversal of temporary differences	<u>1,368,578</u>	<u>(1,561,412)</u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
(Loss)/profit before income tax (expense)/benefit	(1,166,616)	67,372
Tax at the statutory tax rate of 30%	(349,985)	20,212
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of permanent differences	290,955	274,978
Tax deductible repayment of loan	-	(1,781,812)
Unders and overs in respect (to current tax) of prior years	301,163	(74,790)
Income tax expense/(benefit)	<u>242,133</u>	<u>(1,561,412)</u>
	2024	2023
	\$	\$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	6,366	6,366
Employee benefits	517,668	438,951
General accruals	25,014	17,659
Provision for stock obsolescence	50,788	36,356
Tax losses	166,144	1,601,657
Deferred tax asset	<u>765,980</u>	<u>2,100,989</u>
Movements:		
Opening balance	2,100,989	504,080
Credited/(charged) to profit or loss	(1,335,009)	1,596,909
Closing balance	<u>765,980</u>	<u>2,100,989</u>

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 6. Income tax (continued)

	2024 \$	2023 \$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Income accrued but not yet invoiced	115,916	82,347
Deferred tax liability	115,916	82,347
Movements:		
Opening balance	82,347	46,850
Charged to profit or loss	33,569	35,497
Closing balance	115,916	82,347
	2024 \$	2023 \$
<i>Net deferred tax asset</i>		
Deferred tax asset	765,980	2,100,989
Deferred tax liability	(115,916)	(82,347)
Net deferred tax asset	650,064	2,018,642
	2024 \$	2023 \$
<i>Income tax refund due</i>		
Income tax refund due	44,255	253,534

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Notes to the Financial Statements (continued)

for the year ended 30 June 2024

Note 7. Cash and cash equivalents

	2024 \$	2023 \$
<i>Current assets</i>		
Cash on hand	451,123	63,013
Cash at bank	1,500	1,500
	452,623	64,513

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 8. Trade and other receivables

	2024 \$	2023 \$
<i>Current assets</i>		
Trade receivables	9,697,120	8,823,083
Trade receivables – related parties (note 24)	10,711,438	13,807,106
Less: Allowance for expected credit losses	(21,221)	(21,221)
	20,387,337	22,608,968
Other receivables	1,221,897	775,914
Other receivables - related parties (note 24)	967,790	1,638,756
Prepayments	771,508	909,505
	23,348,532	25,933,143

Movements in allowance for expected credit losses:

	2024 \$	2023 \$
Balance	(21,221)	(21,221)

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Co-operative has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 9. Inventories

	2024 \$	2023 \$
<i>Current assets</i>		
Finished goods - at cost	39,870,869	43,849,634
Less: Provision for impairment	(169,293)	(121,188)
	39,701,576	43,728,446

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 9. Inventories (continued)

Accounting policy for inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 10. Financial assets

	2024 \$	2023 \$
<i>Non-current assets</i>		
Listed securities	8,230	8,230

Note 11. Right-of-use assets

	2024 \$	2023 \$
<i>Non-current assets</i>		
Land and buildings - right-of-use	4,162,669	3,128,954
Less: Accumulated depreciation	(2,051,611)	(699,366)
	2,111,058	2,429,588
Motor vehicles - right-of-use	200,598	-
Less: Accumulated depreciation	(20,983)	-
	179,615	-
	2,290,673	2,429,588

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and buildings \$	Motor vehicles \$	Total \$
Balance at 1 July 2023	2,429,588	-	2,429,588
Additions	1,038,913	200,598	1,239,511
Depreciation expense	(1,357,443)	(20,983)	(1,378,426)
Balance at 30 June 2024	2,111,058	179,615	2,290,673

Accounting policy for 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 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 remeasurement of lease liabilities.

Notes to the Financial Statements (continued)

for the year ended 30 June 2024

Note 11. Right-of-use assets (continued)

Right-of-use assets that meet the definition of investment property are measured at fair value where the Co-operative has adopted a fair value measurement basis for investment property assets.

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.

Note 12. Property, plant and equipment

	2024 \$	2023 \$
<i>Non-current assets</i>		
Land and buildings - at cost	26,426,996	26,390,286
Less: Accumulated depreciation	(6,056,896)	(5,632,029)
	<u>20,370,100</u>	<u>20,758,257</u>
Plant and signage - at cost	4,373,331	3,567,105
Less: Accumulated depreciation	(2,807,769)	(2,627,112)
	<u>1,565,562</u>	<u>939,993</u>
Motor vehicles - at cost	187,170	187,170
Less: Accumulated depreciation	(47,634)	(23,848)
	<u>139,536</u>	<u>163,322</u>
Office equipment - at cost	3,146,073	2,965,654
Less: Accumulated depreciation	(2,688,100)	(2,565,503)
	<u>457,973</u>	<u>400,151</u>
Office Furniture - at cost	566,880	546,914
Less: Accumulated depreciation	(437,625)	(414,195)
	<u>129,255</u>	<u>132,719</u>
	<u><u>22,662,426</u></u>	<u><u>22,394,442</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and buildings \$	Plant and equipment \$	Motor vehicles \$	Office equipment \$	Office furniture \$	Total \$
Balance at 1 July 2023	20,758,257	939,993	163,322	400,151	132,719	22,394,442
Additions	36,710	810,978	-	183,112	19,966	1,050,766
Disposals	-	(1,006)	-	(6,439)	-	(7,445)
Disposal depreciation	-	298	-	6,439	-	6,737
Depreciation expense	(424,867)	(184,701)	(23,786)	(125,290)	(23,430)	(782,074)
Balance at 30 June 2024	<u>20,370,100</u>	<u>1,565,562</u>	<u>139,536</u>	<u>457,973</u>	<u>129,255</u>	<u>22,662,426</u>

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 12. Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

<i>Class of asset</i>	<i>Useful life</i>
Buildings	40 years
Plant and equipment	2.5 to 20 years
Office equipment	5 to 20 years
Office furniture	8 to 20 years
Signage	5 to 10 years
Motor vehicles	8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Co-operative. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Intangibles

	2024 \$	2023 \$
<i>Non-current assets</i>		
Software under development	989,715	769,430

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Software under development \$
Balance at 1 July 2023	769,430
Additions	220,285
Balance at 30 June 2024	989,715

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit. Significant costs associated with software are deferred and amortised (once available for use) on a straight-line basis over the period of their expected benefit.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 14. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	47,332,752	54,791,495
Other payables	1,760,587	744,223
Amounts payable to other related parties (note 24)	5,954,182	5,557,958
	<u>55,047,521</u>	<u>61,093,676</u>

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Co-operative prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 15. Borrowings

	2024 \$	2023 \$
<i>Current liabilities</i>		
Bank loans	5,439,372	500,000
<i>Non-current liabilities</i>		
Bank loans	-	5,439,372
	<u>5,439,372</u>	<u>5,939,372</u>

Bank loans

In 2023 the Co-operative obtained a 3 year market rate loan of \$5,939,372 from the Commonwealth Bank of Australia. The entity repaid \$500,000 in FY2024. The loan is secured against the assets of this entity and the assets of The Independent Liquor Group Distribution and its subsidiaries. The bank loan is subject to annual review and the entity's right to defer settlement is conditional on compliance with covenants. For the June 2024 quarter, the two entities on a combined basis, breached their bank covenant requirement under the Bank Facility Agreement. On 27 August 2024, the bank indicated to the entities that it had decided not to exercise its rights relating to the breach however, it reserved the right to exercise its rights relating to any breaches in the future. As a result, given the entity did not have a right to defer its bank loan repayment at year-end, the balance of \$5,439,372 has been classified as a current liability on the Statement of Financial Position.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 16. Lease liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Lease liability	2,081,464	1,281,844
<i>Non-current liabilities</i>		
Lease liability	1,043,510	1,918,401
	3,124,974	3,200,245
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	2,268,566	1,521,330
One to five years	1,066,565	2,044,494
More than five years	-	-
	3,335,131	3,565,824

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Co-operative's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 17. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	1,015,667	832,063
Long service leave	561,853	501,730
	1,577,520	1,333,793
<i>Non-current liabilities</i>		
Long service leave	148,041	129,377
	1,725,561	1,463,170

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 17. Employee benefits (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 18. Share capital repayable on demand

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	337,000	324,000	674,000	648,000

Movements in ordinary share capital

Details	Number of shares	Issue price	\$
Balance on 1 July 2023	324,000		648,000
Shares issued less shares redeemed	13,000	\$2.00	26,000
Balance on 30 June 2024	337,000		674,000

Ordinary shares

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 are required to purchase shares in the Co-operative. The Co-operative's Rules (and National Law NSW) require that when a member is not presently an active member nor has 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 19. Building contribution fund

	2024 \$	2023 \$
Members building contribution fund	1,342,779	1,052,869

Members building contribution fund

Building contribution fund is paid by suppliers to contribute to the repayment of the property loan.

Note 20. Accumulated funds

	2024 \$	2023 \$
Retained profits at the beginning of the financial year	24,202,636	22,573,852
(Loss)/profit after income tax (expense)/benefit for the year	(1,408,749)	1,628,784
Retained profits at the end of the financial year	22,793,887	24,202,636

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 21. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Co-operative is set out below:

	2024 \$	2023 \$
Aggregate compensation	2,737,920	2,275,644

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Co-operative:

	2024 \$	2023 \$
<i>Audit services - Grant Thornton Audit Pty Ltd</i>		
Audit of the financial statements	80,711	68,500
<i>Other services - Grant Thornton Australia Limited</i>		
Assistance in the compilation of financial statements	6,180	7,500
	86,891	76,000

Note 23. Commitments

The Co-operative had no commitments as at 30 June 2024 and 30 June 2023.

Note 24. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 21.

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
<i>Sale of goods and services:</i>		
Sales of goods	521,862,943	492,968,659
<i>Other income:</i>		
Income from management fee	2,487,371	2,138,316
Income from rental or motor vehicles, equipment, and premises	66,012	66,012
	2,553,383	2,204,328
<i>Payment for goods and services:</i>		
Payments for management fee	431,163	4,683,583
<i>Other transactions:</i>		
Transactions with director related entities - event sponsorship	15,000	25,000
Other related party transactions - Forte Information Solutions Pty Ltd	56,059	49,816
	71,059	74,816

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2024

Note 24. Related party transactions (continued)

Forte Information Solutions Pty Ltd is an entity controlled by the spouse of CEO, Paul Esposito, and in which the CEO has a minority interest. This vendor provides full customer relationship management (CRM) services and tools specifically designed for the liquor Industry. The company was initially engaged in 2014 and in September 2020, the Company renewed a further contract term of three-years with ILG. Forte Information Solutions Pty Ltd is an entity controlled by the spouse of CEO, Paul Esposito, and in which the CEO has a minority interest. This vendor provides full customer relationship management (CRM) services and tools specifically designed for the liquor Industry. The company was initially engaged in 2014 and in September 2020, the Company renewed a further contract term of three-years with ILG.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

	2024 \$	2023 \$
<i>Current receivables (The Independent Liquor Group (Distribution) Co-Operative Limited):</i>		
Trade receivables (note 8)	10,711,438	13,807,105
Other receivables (note 8)	967,790	1,638,756
	11,679,228	15,445,861
<i>Current payables (The Independent Liquor Group (Distribution) Co-Operative Limited):</i>		
Other payables (note 14)	5,954,182	5,557,958

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

Related party receivables and payables are due for settlement within 14 days.

Note 25. Contingent liabilities and assets

The Co-operative assets are secured against the \$5.4m (2023: \$5.9m) Bank Loan this Co-operative has with the Commonwealth Bank of Australia and the \$30m Bank Finance Facility of its sister cooperative, The Independent Liquor Group Distribution Cooperative Ltd.

The entity's assets are provided as security for the guarantee from Commonwealth Bank of Australia. The balance guaranteed by Commonwealth Bank of Australia at year end was \$6,050,000 (2023: \$6,050,000).

The securities above are by fixed and floating charge over all their assets and uncalled capital of the Co-operative and a mortgage over its land and building.

As indicated in note 1 the Co-operative and the Independent Liquor Group Distribution Co-operative Ltd 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 Distribution's annual financial report for the year ended 30 June 2024).

The Independent Liquor Group Suppliers Co-operative Ltd ("Suppliers") 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. The contingent liability could potentially be off-set to a degree by a contingent asset, represented by a cross-claim against the other party. 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 *(continued)*

for the year ended 30 June 2024

Note 26. Events after the reporting period

For the June 2024 quarter, this entity and The Independent Liquor Group Distribution Cooperative Ltd (on a combined basis), breached their bank covenant requirement under the Bank Facility Agreement. On 27 August 2024, the bank indicated to the entities that it had decided not to exercise its rights relating to the breach however, it reserved the right to exercise its rights relating to any breaches in the future. As a result, given the entity did not have a right to defer its bank loan repayment at year-end, the balance of \$5,439,372 has been classified as a current liability on the Statement of Financial Position.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Co-operative's operations, the results of those operations, or the Co-operative's state of affairs in future financial years.

(SUPPLIERS) CO-OPERATIVE LIMITED



independent liquor group

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