



Co-operatives National Law (CNL)

Sections 35 & 248

Proposal for the transfer from a distributing co-operative with share capital to a non-distributing co-operative with share capital

Cobargo Co-operative Society Limited

The attached disclosure statement for Cobargo Co-operative Society Limited relating to the proposal to transfer from a distributing co-operative with share capital to a non distributing co-operative with share capital is approved pursuant to Section 248 of the Co-operatives National Law (NSW).

The disclosure statement is valid for a period of six (6) months from the date of approval.

DATED this 20th day of October 2025.



Marina Melnikoff
Marina Melnikoff
Manager Customer & Community Operations

Delegate Registrar of Co-operatives

SPECIAL POSTAL BALLOT

DISCLOSURE STATEMENT

CO-OPERATIVES NATIONAL LAW (NSW)
SECTIONS 35 & 248

NAME OF CO-OPERATIVE:

COBARGO Co-OPERATIVE SOCIETY LIMITED

PROPOSAL:

Conversion from a **distributing co-operative with share capital** to a **non-distributing co-operative with share capital**.

DATE OF APPROVAL:

20	/	10	/	2025
DD		MM		YY

**THIS DISCLOSURE STATEMENT IS VALID FOR A PERIOD
OF 6 MONTHS FROM DATE OF APPROVAL
FOR ISSUE WITHIN THE STATE OF NEW SOUTH WALES**

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DISCLOSURE STATEMENT

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DISCLOSURE STATEMENT

1. INTRODUCTION

1.1. Name of Co-operative

Cobargo Co-operative Society Limited
(the "co-operative")

1.2. Registered office

52-54 Princes Highway Cobargo NSW 2550

1.3. Explanation of this statement

Section 249 of the *Co-operatives National Law (NSW)* (CNL) requires that the board of a co-operative conduct a special postal ballot to convert from a distributing co-operative with share capital to a non-distributing co-operative with share capital.

2. THE PROPOSAL

2.1 The directors of the co-operative put the following proposal to members by way of a special resolution:

That the conversion of the co-operative from a distributing co-operative with share capital to a non-distributing co-operative with share capital be approved and the amended rules as drafted be adopted.

2.2 History of the co-operative

The co-operative is a community-owned enterprise that has been operating since 1901. Originally a butter factory, then in the early 1980's the co-operative transitioned from butter production to a consumer-focused retail operation. Today, it offers a wide range of products including hardware, rural and garden supplies, stock feed and fuels while remaining a vital community hub. The co-operative's resilience has been evident through various challenges, such as the devastating bushfires of 2019–2020, during which it played a crucial role in supporting the local community's recovery. The role of the co-operative has grown to become a community focussed retail outlet with the aim of keeping vital services available to all local residents.

2.3 Reasons for the proposal

With the change over the years in how the co-operative operates, becoming a non-distributing co-operative better reflects the nature of who we are now, what we do and how we do it. As a butter producing co-operative, the focus was profit for its dairy farming shareholders. Now, 125 years on, with a membership of over 1,900, the co-operative has a much broader focus providing goods and services for its members with the aim of keeping services available in our small town.

The co-operative's vision is now '*A Stronger Future for our Community*', and our plans are more aligned with growing and strengthening community assets and resilience rather than shareholder returns.

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Changing from distributing (for-profit) to non-distributing (not-for-profit) will provide greater eligibility for government and philanthropic funding, and extend opportunities to support our evolved vision.

2.4 Details of the proposal

If the proposal is passed, the co-operative will convert to being non-distributing (not-for-profit).

The key changes this will bring are:

- the co-operative will no longer be able to distribute surplus funds directly to members
- if the co-operative is wound up and there remains any property after the satisfaction of all its debts and liabilities (including the refund of the amounts paid up on the shares), this will no longer be able to be paid to or distributed among the members of the co-operative but must be given or transferred to an institution or institutions:
 - (a) with objects similar to those of the co-operative, and
 - (b) whose constitution prohibits the distribution of its property among its members, and
 - (c) chosen by the members of the co-operative at or before the dissolution or, in default, by a judge of the court with jurisdiction in the matter.

There will be no impact on members' share capital in the co-operative.

In addition, the proposal will also lead to new rules of the co-operative coming into force. The board has taken this opportunity to update, simplify and improve the rules of the co-operative for current and best practice, taking expert advice from The Co-op Federation. This means that the proposed new rules at Annexure A, while making the co-operative non-distributing, also incorporate other changes not specifically related to the conversion proposal.

The key rules changes are:

- including the vision, mission and values of the co-operative at rule 3
- simplifying the active membership requirements for members to just be "purchase goods and services from the co-operative to the value of at least \$200 each financial year" at rule 4
- moving the power to suspend membership from a general meeting of members to the board at rule 12 (while the power to expel a member remains only with a general meeting of members at rule 9)
- increasing the maximum possible fine that can be imposed on members for an infringement of the rules from \$20 to \$1,000, in accordance with the current law, at rule 14
- providing for members to be able to attend and participate in general meetings via technology such as video and telephone at new rules 25 and 29
- clarifying that a director elected at an annual general meeting to fill a vacant position arising from a casual vacancy retires at the same time as the director who vacated the office would have done at new rule 38.

2.5 Effects of the proposal

The proposal will have no impact on the fundamental rights of members of the co-operative. Members will continue to be entitled to be given notice of and attend all general meetings of the co-operative. Active members over the age of 18 will continue to be entitled to vote at general meetings and nominate to be a director of the co-operative.

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It should also be noted that the board, as part of the proposal, is taking the opportunity to simplify and clarify the active membership requirements, as referred to above in section 2.4. This will in practice have little or no impact on members but will be easier and cheaper for the co-operative to administer.

Apart from the rule changes referred to above in section 2.4, the proposal will have no other effect on the way the organisation will operate or be managed. The proposal will also not lead directly to any change or impact on the services or costs of services provided by the co-operative.

The proposal will also have no impact on members' share capital which remain in the co-operative.

Any taxation implications of the proposal for the co-operative and its members are covered below in section 2.8. The co-operative may be able to access some tax concessions as a not-for-profit if the proposal is passed.

As set out above in section 2.4, the proposal will lead to the co-operative no longer being able to distribute surplus funds directly to members, or for members to be able to receive any share of property remaining after the satisfaction of all debts and liabilities if the co-operative is wound up.

2.6 Benefits of the proposal

Aside from the more general benefit that the ethos of the organisation is better represented as a non-distributing co-operative, the benefits of the proposal for the co-operative, and through it for the members, are that:

- the co-operative will be eligible for more grant assistance to help grow the business, rather than rely on profit
- there is the possibility of tax benefits for the co-operative as a not-for-profit
- the co-operative will be even more clearly focussed on reinvesting resources in Cobargo and delivering a stronger future for our community
- the change aims to create a more resilient and sustainable business model.

2.7 Disadvantages of the proposal

Apart from members no longer being able to receive surplus funds directly nor remaining funds if the co-operative is wound up, as detailed above in section 2.4, one other disadvantage of the proposal is the one-time cost for the conversion process of approximately \$4,000 which includes consulting advice fees, ballot costs and NSW Fair Trading application fees.

2.8 Taxation effect of the proposal

Advice on the taxation implications of the proposal for the co-operative has not been sought due to the cost of such advice being significant for the co-operative, and because any impact will most likely be positive for the co-operative.

It is very unlikely that there will be any tax implications for members. Members should, of course, seek their own professional taxation advice if they believe it necessary.

3. APPROVAL AND DISCLAIMER

On 20 October 2025, the Registrar approved this disclosure statement pursuant to Sections 35 and 248 of the *Co-operatives National Law (NSW)*. Such approval should not be interpreted as a comment on the merits of the proposal.

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The Registrar accepts no responsibility for the contents of this disclosure statement.

4. LEGISLATIVE REQUIREMENTS

The Co-operatives National Law (NSW) allows a distributing co-operative to convert to a non-distributing co-operative by an appropriate alteration of the rules. In order for the proposal to proceed it must be approved by the members by way of a special resolution passed by means of a special postal ballot.

The information in this disclosure statement is to assist members with their decision whether to vote for or against the proposal and has been approved by the delegate of the Registrar for this purpose.

The disclosure statement must be sent to all members at least 28 days prior to the closing date of the special postal ballot. Instructions for how members can vote online or by mail on this special resolution accompanies this disclosure statement.

Members must correctly vote online, or their ballot paper must be received by the co-operative, before the closing date of the special postal ballot in order for their vote to be valid.

The resolution in the special postal ballot will be passed if at least a three quarters (3/4) majority of members casting formal votes vote in favour of the special resolution. However, the special resolution will not be effective until it is registered by the Registrar.

5. MEMBERS ELIGIBLE TO VOTE

Only active members are eligible to vote in this special postal ballot.

5.1. Rule 5 of the co-operative's rules currently provides that an active member is a member who:

Either purchases:

- (a) goods to the value of \$100 during a period of one month per year, or
- (b) goods and services to the value of \$200 annually.

If any member is unsure of their entitlement to vote, they should contact the co-operative in person at 52-54 Princes Highway Cobargo or by telephone on 02 6493 6401 during the hours of 9am – 4pm Monday to Friday.

All members, whether active or inactive, at the time of distribution of the special postal ballot material, are entitled to receive the special postal ballot material. This is required by the *Co-operatives National Law (NSW)* and ensures that all members of the co-operative are made aware of the proposal.

6. FINANCIAL POSITION OF THE CO-OPERATIVE

The audited financial statements for the year ending 30 June 2024 were provided to members for the 2024 annual general meeting and are available on request by any member without charge. The management accounts (Balance Sheet and Profit and Loss) for the 11-month period to May 2025 are at Annexure B.

6.1 The following is a summary of key balance sheet items of the co-operative for the years ended 30 June 2022 to 2024 and for the 11-month period to May 2025.

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	For 11-month period to May 2025 (Unaudited)	30 June 2024 (Audited)	30 June 2023 (Audited)	30 June 2022 (Audited)
	\$	\$	\$	\$
ASSETS				
Current Assets	860,122	876,494	790,938	908,343
Non-Current Assets	1,480,716	1,492,744	1,452,347	1,378,078
TOTAL ASSETS	2,340,838	2,369,238	2,243,285	2,286,421
LIABILITIES				
Current Liabilities	325,738	376,680	337,364	527,304
Non-Current Liabilities	-	-	-	-
Issued Capital	50,160	53,298	50,738	54,338
TOTAL LIABILITIES	375,898	429,978	388,102	581,642
NET ASSETS	1,964,940	1,939,260	1,855,183	1,704,779
EQUITY				
Reserves	245,561	245,561	245,561	245,561
Retained Profits/(Loss)	1,719,379	1,693,699	1,609,622	1,459,218
TOTAL SHAREHOLDER EQUITY	1,964,940	1,939,260	1,855,183	1,704,779
Member Numbers	1971	1875	1739	1616
Turnover	3,060,380	3,884,504	3,993,266	4,033,380
Operating Profit	25,667	65,863	84,708	119,788

6.2 Significant changes to the financial position of the co-operative since the financial statements for the financial year ending 30 June 2025.

There have not been any significant changes to the financial position of the co-operative in this current financial year.

7. STATEMENT OF DIRECTORS' INTERESTS, COMPENSATION OR CONSIDERATION TO OFFICERS IN CONNECTION WITH THE PROPOSAL

7.1 There is no compensation, consideration, incentive, commission or other benefit which has been or will be paid or given to:

- 7.1.1 any officer or member of the co-operative;
- 7.1.2 any relative of an officer of the co-operative; or
- 7.1.3 any entity (whether incorporated or not) of which an officer of the Co-operative, or relative of an officer of a co-operative, is a shareholder, member, officer, partner or beneficiary, in relation to the proposal and the promotion of the proposal.

7.2 The directors are not aware of any information that is within their knowledge and that has not previously been disclosed to the members, where that information is material to the making of a decision by a member whether or not to agree to the proposal.

7.3 The interests of the directors of the co-operative in the proposal, including any interests of the directors in any other organisation that may be concerned with the proposal are as follows:

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<u>Director</u>	<u>Number of shares in the co-operative</u>
J Tarlinton	10
G Parr	10
J Walters	10
P Muirhead	10
A Wilms	10

8. LIST OF ANNEXURES

- A. Proposed New Rules
- B. Management Accounts to May 2025

9. RECOMMENDATION

The directors of the co-operative unanimously recommend that members vote in favour of the proposed special resolution.

The Registrar has directed that all information contained in this disclosure statement be furnished to all members of the co-operative.

FURTHER INVESTIGATION:

Each member is advised to make any investigations (including the obtaining of professional advice) which that person believes to be necessary to satisfy himself or herself about the contents of this documentation or the decision of whether or not to vote in favour of the proposal.

DISCLAIMER OF LIABILITY:

This disclosure statement has been approved by the Registrar for the purpose of section 248 of the Co-operatives National Law (NSW) (the Act). This approval is not to be taken in any way as an indication that the disclosure statement sets out all the information that may be relevant to the proposal.

Approval does not relate in any way to the merits or otherwise of the co-operative's proposal. No responsibility as to the contents of the disclosure statement and attachments and annexures that form part of this document is to be taken by the Registrar, NSW Fair Trading or by any of its servants or agents.

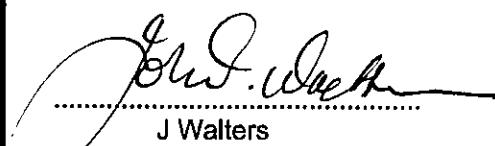
The responsibility for ensuring that the Act has been complied with in relation to the preparation of the disclosure statement lies with those issuing the statement. Persons making false or misleading statements in a disclosure statement may be liable for criminal penalties and expose themselves to civil liability to anyone who suffers loss as a consequence.

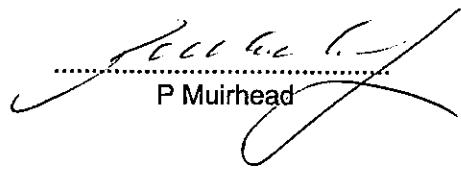
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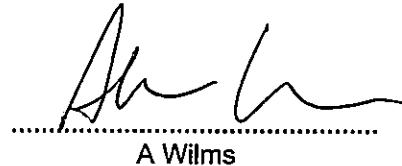
THIS STATEMENT IS SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE
DIRECTORS DATED


.....
J Tarlinton


.....
G Parr


.....
J Walters


.....
P Muirhead


.....
A Wilms

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Cobargo Co-operative Society Limited

(a non-distributing co-operative with share capital)

Rules

November 2025

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Preliminary

1 Name of the co-operative

The name of the co-operative is Cobargo Co-operative Society Limited.

2 Definitions

(1) In these rules:

the Law means the Co-operatives National Law as applying in New South Wales.

the National Regulations means the Co-operatives National Regulations as applying in New South Wales.

(2) Except so far as the contrary intention appears in these rules, words and expressions used in these rules have the same meanings as they have, from time to time, in the Law or relevant provisions of the Law.

3 Vision, mission and values

(1) Our vision

A stronger future for our community

(2) Our mission

Providing a range of products and support our members need and value with outstanding personalised service

(3) Our values

Community Focus, Integrity and Respect, Innovative and Proactive, Excellence and Professionalism, Longevity and Heritage, Teamwork and Co-operation, Vibrant and Dynamic

Membership

4 Active membership provisions

(1) Primary activity

For the purposes of Part 2.6 of the Law, the primary activity of the co-operative is to trade in agricultural, hardware and associated products.

(2) Active membership requirements

A member must purchase goods and services from the co-operative to the value of at least \$200 each financial year to establish and maintain active membership.

5 Qualifications for membership

A person qualifies for membership of the co-operative if the person is able to use or contribute to the services of the co-operative.

6 Entry fees and regular subscriptions

There is no entry fee for an application for membership and no regular subscription.

7 Membership applications

- (1) Applications for membership must be lodged in a form approved by the board, and should be accompanied by payment for allotment of the minimum number of shares in the co-operative as specified in rule 16.
- (2) Every application must be considered by the board.
- (3) If the board approves of the application, the applicant's name and any other information required under the Law must be entered in the register of members within 28 days of the board's approval.
- (4) The applicant must be notified in writing of the entry in the register and the applicant is then entitled to the privileges attaching to membership.
- (5) The board may, at its discretion, refuse an application for membership.
- (6) The board need not assign reasons for the refusal. On refusal any amounts accompanying the application for membership must be refunded within 28 days without interest.

8 Cessation of membership

A person ceases to be a member in any of the following circumstances:

- (a) if the membership ceases in any circumstances specified in section 117 of the Law;
- (b) if the member's total shareholding is transferred to another person and the transferee is registered as the holder of the shareholding;
- (c) if the member's total shareholding is forfeited under the Law or these rules;
- (d) if the member's total shareholding is purchased by the co-operative under the Law or these rules;
- (e) if the member's total shareholding is sold by the co-operative under any power in the Law or these rules and the purchaser is registered as shareholder in the member's place.

9 Expulsion of members

- (1) A member may be expelled from the co-operative by resolution of a general meeting that is passed by a two-thirds majority in a vote conducted by secret ballot to the effect:
 - (a) that the member has seriously or repetitively failed to discharge the member's obligations to the co-operative under these rules or a contract entered into with the co-operative under section 125 of the Law; or
 - (b) that the member has acted in a way that has:

- (i) prevented or hindered the co-operative in carrying out its primary activity or one or more of its primary activities; or
- (ii) brought the co-operative into disrepute; or
- (iii) been contrary to one or more of the co-operative principles as described in section 10 of the Law and has caused the co-operative harm.

(2) Written notice of the proposed special resolution must be given to the member at least 21 days before the date of the meeting at which the special resolution is to be moved, and the member must be given a reasonable opportunity of being heard at the meeting.

(3) Expulsion of one joint member means expulsion of all members holding membership jointly with the expelled member.

(4) An expelled member must not be re-admitted as a member unless the re-admission is approved also by resolution of a general meeting that is passed by a two-thirds majority.

10 Resignation of members

A member may resign from a co-operative by giving 28 days' notice in writing in the form approved by the board.

11 Monetary consequences of expulsion or resignation

(1) In this rule:

deficiency means the amount of accumulated loss, deficiency or significant change disclosed in the last balance sheet of the co-operative, or later reported before expulsion.

(2) If a member is expelled or resigns from the co-operative, all amounts owing by the former member to the co-operative become immediately payable in full.

(3) The shares of an expelled or resigning member must be cancelled as at the day of expulsion or resignation, and the cancellation must be noted in the register of shares.

(4) Subject to subrule (5) and the written terms of a class of share issued, the co-operative must, however, pay to the expelled or resigning member the amount of capital paid up on the former member's shares at the time of expulsion or resignation (less any amount owing by the former member to the co-operative).

(5) If a deficiency exists, an appropriate proportion of the loss, deficiency or significant change may be deducted from the amount of capital paid up on the shares of the expelled or resigning member. This is done having regard to the number of shares held by the expelled or resigning member immediately before expulsion or resignation in relation to the number of shares in the co-operative.

(6) Subject to section 128 of the Law, payment to the expelled or resigning member of any amount owing by the co-operative to the former member:

- (a) must be made at the time decided by the board but within one year from the date of expulsion or resignation; or

- (b) may be applied at the time decided by the board, but within one year from the date of expulsion or resignation, in the manner set out in section 128 of the Law, if there is agreement by the board and former member or if the board considers that repayment would adversely affect the financial position of the co-operative.

12 Suspension of members

- (1) The board of the co-operative may by resolution suspend a member for not more than one year, who does any of the following:
 - (a) contravenes any of these rules;
 - (b) fails to discharge obligations to the co-operative, whether under these rules or a contract
 - (c) acts detrimentally to the interests of the co-operative.
- (2) Written notice of the proposed resolution must be given to the member at least 7 days before the meeting at which the resolution is to be moved, and the member must be given a reasonable opportunity of being heard at the meeting.
- (3) During the period of suspension, the member:
 - (a) loses any rights (except the right to vote) arising as a result of membership; and
 - (b) is not entitled to a refund, rebate, relief or credit for membership fees paid, or payable, to the co-operative; and
 - (c) remains liable for any fine that may be imposed.

13 Disputes and mediation

- (1) The grievance procedure set out in this rule applies to disputes under these rules between:
 - (a) a member and another member; or
 - (b) a member (including a former member) and the co-operative.
- (2) If a dispute arises, a party cannot commence any court or arbitration proceedings relating to the dispute unless it has complied with the provisions of this rule, except where a person seeks urgent interlocutory relief.
- (3) The parties to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days of:
 - (a) the dispute coming to the attention of each party; or
 - (b) a party giving notice, to each of the other parties involved, of the dispute or grievance.
- (4) If the parties are unable to resolve the dispute at the meeting, or if a party fails to

attend that meeting, the parties must, as soon as is practicable, hold a meeting in the presence of a mediator.

- (5) The mediator is, where possible, to be a person chosen by agreement between the parties, but in the absence of agreement between the parties:
 - (a) for a dispute between a member and another member, a person appointed by the board; or
 - (b) for a dispute between a member (including a former member) and the co-operative, a person appointed by The Co-operative Federation Ltd.
- (6) The mediator may (but need not) be a member of the co-operative, unless the member is a party to the dispute.
- (7) The parties to the dispute must, in good faith, attempt to settle the dispute by mediation.
- (8) The mediator, in conducting the mediation, must:
 - (a) give the parties to the mediation process every opportunity to be heard; and
 - (b) allow due consideration by all parties of any written statement submitted by any party; and
 - (c) ensure that natural justice is accorded to the parties to the dispute throughout the mediation process.
- (9) The mediator cannot determine the dispute.
- (10) The mediation must be confidential and without prejudice.
- (11) The costs of the mediation are to be shared equally between the parties unless otherwise agreed.
- (12) Nothing in this rule applies to any dispute as to the construction or effect of any mortgage or contract contained in any document other than these rules.
- (13) Nothing in this rule applies to any dispute involving the expulsion or suspension of a member or the imposition of a fine.
- (14) If the mediation process does not result in the dispute being resolved, each party may seek to resolve the dispute in accordance with the Law or otherwise at law.

14 Fines payable by members

- (1) The board may impose on a member a maximum fine of \$1,000 for a contravention of these rules.
- (2) A fine must not be imposed on a member under subrule (1) unless:
 - (a) written notice of intention to impose the fine and the reason for it has been given to the member; and
 - (b) the member has been given a reasonable opportunity to appear before the

board in person (with or without witnesses), or to send to the board a written statement, to show cause why the fine should not be imposed.

15 Liability of members to co-operatives

- (1) A member is liable to the co-operative for the amount, if any, unpaid on the shares held by the member, together with any charges payable by the member to the co-operative under these rules.
- (2) Joint members are jointly and severally liable for any amount unpaid on shares and to any such charges mentioned in subrule (1).

16 Capital and shares

- (1) The capital of the co-operative must be raised by the issue of shares of nominal value of \$2 each.
- (2) A member must hold a minimum of 10 shares in the co-operative and must not hold or have a relevant interest in more than 20% of the nominal value of issued share capital of the co-operative unless permitted to do so under section 363 of the Law.
- (3) No share is to be allotted unless 100% of the nominal value of the share has been paid.
- (4) A share in the co-operative does not carry a vote.
- (5) The right to vote in the co-operative is attached to membership and governed by section 228 of the Law.

17 Repurchase of members' shares

- (1) Members' shares may be repurchased by the co-operative in accordance with the Law.
- (2) A member who wishes the co-operative to repurchase any shares must do so by submitting a request in a form approved by the board.
- (3) The board of the co-operative must consider each request for repurchase in accordance with the Law and cancel any shares that have been repurchased.

18 Transfer of shares

- (1) The instrument of transfer of a share must be signed by or for the transferor and the transferee.
- (2) The transferor is taken to remain the holder of the share until the name of the transferee is entered in the register of members.
- (3) Shares must be transferred in a form approved by the board.
- (4) A share may not be sold or transferred except:
 - (a) with the consent of the board, and to a person who is qualified to be admitted to membership of the co-operative under rules 4 and 5; or

- (b) as otherwise provided by these rules or the Law.
- (5) The board may decline to register a transfer of shares to a person not qualified to be a member or of whom they do not approve. The board may also decline to register a transfer of shares on which the co-operative has a lien or charge. If the board refuses to register a transfer of shares it must send notice of the refusal to the transferee within 28 days after the day the board declined to register the transfer.
- (6) The board of the co-operative must not consent to the sale or transfer of shares that would result in more than the nominal value of shares permitted under section 363 of the Law.
- (7) The board may decline to recognise an instrument of transfer unless:
 - (a) a fee as determined by the board from time to time is paid to the co-operative for the transfer; and
 - (b) the instrument of transfer is accompanied by any evidence the board may require to show the right of the transferor to make the transfer.
- (8) The board must maintain a record of all transfers made in the proper books of the co-operative.
- (9) The board may suspend the registration of transfers during the 45 days immediately before the annual general meeting in each year.

19 Effect of sale, transfer or disposal of shares

A member who has sold or transferred, or disposed of the beneficial interest in, all the member's shares, or has agreed to do any of those things, is not entitled to vote at any meeting of the co-operative.

Member cancellations

20 Forfeiture and cancellations—inactive members

The board must declare the membership of a member cancelled if:

- (a) the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for a continuous period of at least 2 years; or
- (b) the member is not presently active and has not been active within the meaning of rule 4 in the past 2 financial years.

21 Death of member

The legal personal representative of a deceased member may apply to the board for a transfer of the deceased member's shares in a form approved by the board.

22 Rights and liabilities of members under bankruptcy or mental incapacity

- (1) A person's membership ceases upon bankruptcy and that person's shares may be transferred to the Official Trustee in Bankruptcy and dealt with under the provisions

of section 95 of the Law.

- (2) A person appointed under a law of a State or Territory to administer the estate of a member who, through mental or physical infirmity, is incapable of managing his or her affairs, may be registered as the holder of the member's shares and the rights and liabilities of membership vest in that person during the period of the appointment.
- (3) The liabilities attaching to the shares of a person under bankruptcy or mental incapacity continue in accordance with section 96 of the Law.
- (4) Upon application by a person appointed to manage the affairs of a member referred to in subrule (2), the board may decide to suspend some or all active membership obligations if there are grounds to believe that the member's physical or mental infirmity is temporary.

23 Entitlements and liabilities of person registered as trustee, administrator etc.

- (1) A person becoming entitled to be a shareholder because of the death, bankruptcy or incapacity of the holder is entitled to the dividends and other advantages to which the person would be entitled if he or she were the registered holder of the share or shares. However, before being registered as a member, the person is not entitled to exercise any right conferred by membership in relation to meetings of the co-operative.
- (2) A person registered as holder of the shares of a member who has died, or is bankrupt or incapable of managing his or her affairs, has the same liabilities in relation to the share or shares as those to which the deceased, bankrupt or incapable person would have been liable if he or she had remained a member with full legal capacity.
- (3) The board has the same right to decline or to suspend registration of a share as it would have had for a transfer of a share by the bankrupt or incapacitated person before the bankruptcy or incapacity.

24 Transfer and transmission of debentures

- (1) On the written request of the transferor (the giver) of a debenture, the co-operative must enter in the appropriate register the name of the transferee (the receiver) in the same way and on the same conditions as if the application for entry were made by the transferee.
- (2) If the co-operative refuses to register a transfer of debentures, it must, within 28 days after the date on which the transfer was lodged with it, send to the transferee notice of the refusal.
- (3) An instrument of transfer of a debenture must be executed by or on behalf of the transferor and the transferee. The transferor is taken to remain the holder of the debenture until the debenture in the name of the transferee is entered in the register of debentures.
- (4) The board may decline to recognise an instrument of debenture and may decline to register a debenture unless:
 - (a) a fee as determined from time to time by the board is paid to the co-operative for the transfer; and
 - (b) the instrument of transfer is accompanied by the relevant debenture(s) and any

other evidence the board reasonably requires (in particular, evidence showing the right of the transferor to make the transfer).

(5) Debentures must be transferred in a form approved by the board.

General meetings, resolutions and voting

25 General meetings

- (1) General meetings (annual or special) may be held in person or using technology that permits a member to participate contemporaneously in the meeting and enables the member to hear proceedings, ask questions and cast a vote.
- (2) An annual general meeting must be held each year, at a place and on a date and a time decided by the board, within 5 months after the close of the financial year of the co-operative or within the further time allowed by the Registrar.
- (3) The board may, whenever it considers appropriate, call a special general meeting of the co-operative.

26 Members' power to requisition a general meeting

- (1) The board must call a general meeting of the co-operative on the requisition in writing by members who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the co-operative.
- (2) The provisions of section 257 of the Law apply to a meeting requisitioned by members.

27 Notice of general meetings

- (1) At least 14 days' notice of a general meeting (not including the day on which the notice is served or taken to be served, but including the day for which notice is given) must be given.
- (2) Notice must be given to each member of the co-operative and any other persons who are, under these rules or the Law, entitled to receive notices from the co-operative.
- (3) The notice must state the place, day and hour of the meeting and include ordinary business as specified in rule 28 and, for special business, the general nature of any special business.
- (4) The notice must also include any business members have notified their intention to move at the meeting under subrule (6) (but only if the members' notification has been made under these rules and within time).
- (5) The notice must be served in the manner provided in the Law or rule 53.
- (6) Members who together are able to cast at least 20% of the total number of votes that are able to be cast at a meeting of the co-operative and who have a resolution to submit to a general meeting must give written notice of it to the co-operative at least 45 days before the day of the meeting.

28 Business of general meetings

- (1) The ordinary business of the annual general meeting must be:
 - (a) to confirm minutes of the last preceding general meeting (whether annual or special); and
 - (b) to receive from the board, auditors (if engaged) or officers of the co-operative:
 - (i) a report on the state of affairs of the co-operative; and
 - (ii) the appropriate financial reports of the co-operative for the financial year required by the Law; and
 - (c) to elect directors to fill any vacancies on the board.
- (2) The annual general meeting may also transact other business of which notice has been given to members, if required, under these rules and the Law.

29 Quorum at general meetings

- (1) An item of business cannot be transacted at a general meeting unless a quorum of members is present when the meeting is considering the item.
- (2) Unless these rules state otherwise, 10 members present, each being entitled to exercise a vote, constitute a quorum.
- (3) If a quorum is not present within half an hour after the appointed time for a meeting, the meeting, if called on the requisition of members, must be dissolved. In any other case it must be adjourned to the same day, time and place in the next week.
- (4) If a quorum is not present within half an hour after the time appointed for an adjourned meeting, the members present constitute a quorum.

30 Chairperson at general meetings

- (1) The chairperson, if any, of the board may preside as chairperson at every general meeting of the co-operative.
- (2) If there is no chairperson, or if at a meeting the chairperson is either not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, the members present must choose someone from their number to be chairperson (until the chairperson attends and is willing to act).
- (3) The chairperson may, with the consent of a meeting at which a quorum is present (and must if directed by the meeting) adjourn the meeting from time to time and from place to place. However, the only business that can be transacted at an adjourned meeting is the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 14 days or more, notice of the adjourned meeting must be given just as for the original meeting. Apart from this it is not necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting.

31 Attendance and voting at general meetings

- (1) The right to vote attaches to membership and not shareholding.
- (2) Joint members have only one vote between them.
- (3) Every joint member is entitled to attend and be heard at a general meeting.
- (4) In the event of a dispute between joint members as to which member will vote (subject to the grant of any proxy or power of attorney), the joint member whose name appears first in the register of members is entitled to vote.
- (5) A resolution, other than a special resolution, must be decided by simple majority.
- (6) Subject to subrules (7) and (8), a question for decision at any general meeting must be decided on a show of hands of members present at the meeting.
- (7) A poll may be demanded on any question for decision.
- (8) If before a vote is taken or before or immediately after the declaration of the result on a show of hands:
 - (a) the chairperson directs that the question is to be determined by a poll; or
 - (b) at least 5 members present in person or represented by proxy demand a poll, the question for decision must be determined by a poll.
- (9) The poll must be taken when and in the manner that the chairperson directs.
- (10) A poll on the election of a chairperson or on the question of adjournment must be taken immediately and without debate.
- (11) If the chairperson of the meeting is a member of the co-operative, they may exercise a second or casting vote.
- (12) If the chairperson is not a member of the co-operative or decides not to exercise a second or casting vote, the outcome of an equality of votes is taken to have been decided in the negative.
- (13) Once the votes on a show of hands or on a poll have been counted then, subject to subrule (8), a declaration by the chairperson that a resolution has been carried (unanimously or by a particular majority) or lost is evidence of that fact.

32 Proxy votes

- (1) Voting may be by proxy at a general meeting.
- (2) The instrument appointing a proxy must be in writing signed by the appointer or the appointer's attorney properly authorised in writing.
- (3) An instrument appointing a proxy may direct the way the proxy is to vote in relation to a particular resolution and, if an instrument of proxy directs, the proxy is not entitled to vote on the resolution other than as directed in the instrument.

- (4) No person shall act as proxy for more than 5 persons.
- (5) An instrument appointing a proxy must be in a form approved by the board.
- (6) An instrument appointing a proxy is not valid until the instrument, and the power of attorney or other authority (if any) under which the instrument is signed or a notarially certified copy of the power or authority, are deposited, at least 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, at the registered office of the co-operative or at another place specified for the purpose in the notice calling the meeting.
- (7) A vote given in accordance with an instrument of proxy or a power of attorney is valid despite the previous death or unsoundness of mind of the principal, the revocation of the instrument (or of the authority under which the instrument was executed) or the power, if no intimation in writing of the death, unsoundness of mind or revocation has been received by the co-operative at the registered office before the start of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

33 Postal ballots (other than special postal ballots)

- (1) A postal ballot must be held in respect of a special resolution where members who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the co-operative may requisition the board to conduct the special resolution by postal ballot.
- (2) If a postal ballot is requisitioned by members under subrule (1), the requisition should specify whether the postal ballot is to be a secret ballot.
- (3) A postal ballot requisitioned under subrule (1) is to be conducted in accordance with the National Regulations and in the form and manner determined by board.
- (4) The board may determine in a particular case whether the special resolution by postal ballot should be a secret ballot and whether votes may be returnable by electronic means.
- (5) If the board decides to conduct a secret postal ballot, it must ensure that the method used to conduct the ballot will ensure that votes can be counted without identifying the way each member has voted.
- (6) The board is to appoint a returning officer to conduct the postal ballot. In default of such an appointment, the secretary is the returning officer.
- (7) Ballot papers (in such form and with such content as the board may approve) must be sent to all voting members giving:
 - (a) particulars of the business in relation to which the postal ballot is being conducted; and
 - (b) an explanation of how to lodge a valid vote and the majority required to pass the vote; and
 - (c) notice of the closing date and closing time of the postal ballot;
 and must be sent to members so that they arrive (assuming standard postal times) at

least 21 days before the closing date of the postal ballot.

(8) This rule does not apply in relation to special postal ballots.

34 Special postal ballots

- (1) This rule applies where a special postal ballot is required.
- (2) Ballot papers (in such form and with such content as the board may approve) must be sent to all voting members so that they arrive (assuming standard postal times) at least 28 days before the closing date of the special postal ballot.
- (3) The board may determine in a particular case whether the special resolution by postal ballot should be a secret ballot and whether votes may be returnable by electronic means.
- (4) If the board decides to conduct a secret postal ballot, it must ensure that the method used to conduct the ballot will ensure that votes can be counted without identifying the way each member has voted.

35 Special resolutions

- (1) A special resolution is a resolution that is passed:
 - (a) by a two-thirds majority at a general meeting; or
 - (b) by a two-thirds majority in a postal ballot (other than a special postal ballot) of members; or
 - (c) by a three-quarters majority in a special postal ballot of members.
- (2) A notice of special resolution is required to be given to members at least 21 days before the vote or ballot time (or 28 days' notice in the case of a special postal ballot).
- (3) The notice of special resolution must state:
 - (a) the intention to propose the special resolution; and
 - (b) the reasons for proposing the special resolution; and
 - (c) the effect of the special resolution being passed.

Board of directors

36 Board

- (1) The business of the co-operative is to be managed by or under the direction of the board of directors, and for that purpose the board has and may exercise all the powers of the co-operative that are not required to be exercised by the co-operative in general meeting.
- (2) The board must have 5 directors.

37 Qualifications of directors

- (1) A person is not qualified to be a director of the co-operative unless the person is an individual over the age of 18 years and is either:
 - (a) an active member of the co-operative or a representative of a corporation that is an active member of the co-operative; or
 - (b) not an active member but who possesses special skills in management or other technical areas of benefit to the co-operative as specified by the board from time to time.
- (2) A person qualified to be a director under subrule (1)(a) is known as a "member director". A person qualified under subrule (1)(b) is known as a "non-member director".
- (3) The board of directors must have a majority of member directors.

38 Election of directors

- (1) Directors are elected at annual general meetings.
- (2) Subject to subrule (3), the term of office of directors is to commence from the annual general meeting at which they are elected and ends on the day of the third annual general meeting thereafter.
- (3) A director elected at an annual general meeting to fill a vacant position arising from a casual vacancy retires at the same time as the director who vacated the office would have done.
- (4) A retiring director shall be eligible for re-election without nomination, subject to the person holding the qualifications specified in rule 37.
- (5) Nominations for candidates to fill the vacant positions shall be sought in such a manner as the board determines.
- (6) If the number of nominees equals the number of vacancies, the nominees must be declared elected at the annual general meeting.
- (7) If there are insufficient nominees to fill all vacancies, the nominees are to be declared elected at the annual general meeting and nominations for people to fill the remaining vacancies are to be called from the floor and a ballot held if required.
- (8) If the number of nominees exceeds the number of vacancies, a ballot must be held.
- (9) Ballots are to be conducted by show of hands, or by secret ballot if a resolution requiring that manner of voting is passed at the meeting.
- (10) If there is an equality of votes, the outcome must be determined by lot.

39 Removal from office of director

The co-operative may by resolution under section 180 of the Law, with special notice as required by that section, remove a director before the end of the director's period of office, and may by a simple majority appoint another person in place of the

removed director. The person appointed must retire when the removed director would otherwise have retired.

40 Vacation of office of director

In addition to the circumstances set out in the Law, a director vacates office if the director dies.

41 Casual vacancies

The board may appoint a qualified person to fill a casual vacancy in the office of director until the next annual general meeting.

42 Remuneration of directors

Director remuneration must be approved at a general meeting of the co-operative, other than travelling and other expenses incurred in attending board or general meetings of the co-operative.

43 Proceedings of the board

- (1) Meetings of the board (including meetings conducted outside board meetings pursuant to section 176 of the Law) are to be held as often as may be necessary for properly conducting the business of the co-operative and must be held at least every 3 months.
- (2) A meeting may be held with one or more of the directors participating by using a form of communication that allows reasonably contemporaneous and continuous communication between the directors taking part in the meeting.
- (3) Questions arising at a meeting must be decided by a majority of votes.
- (4) If votes are equal, the chairperson, if a member director, has a second or casting vote.
- (5) Other than in special circumstances decided by the chairperson, at least 48 hours notice must be given to the directors of all meetings of the board, without which the meeting cannot be held.

44 Quorum for board meetings

- (1) The quorum for a meeting of the board is a majority of the current number of directors.
- (2) For a quorum, the number of member directors must outnumber the non-member directors by at least one.

45 Chairperson of board

- (1) The chairperson of the board is to be elected by the board.
- (2) If no chairperson is elected or the chairperson is not present within 15 minutes after the time fixed for holding the meeting or is unwilling to act as chairperson of the meeting, the directors present may choose one of their number to be chairperson of the meeting until the chairperson attends and is willing to act as chairperson.

(3) The chairperson may be removed, and a new chairperson elected, by ordinary resolution of the board.

46 Delegation and committees

The board may by resolution delegate its functions in accordance with section 178 of the Law.

47 Minutes

- (1) The board must keep minutes of meetings and, in particular, of:
 - (a) all appointments of officers and employees made by the directors; and
 - (b) the names of the directors present at each meeting of the board and of a committee of the board; and
 - (c) all resolutions and proceedings at all meetings of the co-operative and of directors and of committees of directors.
- (2) Minutes must be entered in the appropriate records within 28 days of the meeting to which they relate was held.
- (3) The minutes are to be signed within a reasonable time after the meeting to which they relate by either the chairperson of that meeting or the chairperson of the next meeting.

Rules

48 Amendments and copies of rules

- (1) Any amendment of the rules must be approved by special resolution.
- (2) A proposal to amend the rules of the co-operative must be made in a form approved by the board which clearly shows the existing rule or rules concerned and any proposed amendment to the rules.
- (3) A member is entitled to an electronic copy of the rules free of charge.

Administrative matters

49 Policies

- (1) The board may make policies for the co-operative, not inconsistent with the Law, the National Regulations, the rules or any other law, to govern the co-operative's activities, conduct and dealings generally.
- (2) A breach of a co-operative policy will be deemed to be a contravention of the rules.

50 Execution of documents

Documents of the co-operative are executed by two directors, or a director and the secretary.

51 Inspection of records and registers

- (1) Members of the co-operative have free access to the records and registers referred to in section 214 (1) of the Law and they may make a copy of any entry in the registers free of charge.
- (2) Members do not have access to the minutes of board or committee meetings, but may request access to any such minutes in writing addressed to the board.

52 Safe keeping of securities

Shares, debentures, charges and any other certificates or documents or duplicates of them pertaining to securities must be safely kept by the co-operative in the way and with the provision for their security as the board directs.

53 Notices to members

- (1) This rule applies in addition to section 611 of the Law regarding how a notice or other document may be given to a member of the co-operative.
- (2) A notice or other document required to be given to a member of the co-operative may be given by the co-operative to any member by any form of technology (for example, by fax or email), where the member has given consent and notified the co-operative of the relevant contact details.
- (3) If a notice is sent by post, service is taken to be effected at the time at which the properly addressed and prepaid letter would be delivered in the ordinary course of post. In proving service by post, it is sufficient to prove that the envelope containing the notice was properly addressed and posted.
- (4) A notice forwarded by some other form of technology is taken to have been served, unless the sender is notified of a malfunction in transmission, on the day of transmission if transmitted during a business day, otherwise on the next following business day.
- (5) A notice may be given by the co-operative to joint members by giving the notice to the joint member named first in the register of members.
- (6) A notice may be given by the co-operative to the person entitled to a share in consequence of the death, incapacity or bankruptcy of a member by sending it through the post in a prepaid letter addressed to that person by name. Alternatively, it can be addressed to the person by the title of representative of the deceased or incapacitated person, or trustee of the bankrupt, or by any like description, and:
 - (a) the address should be that supplied for the purpose by the person claiming to be entitled; or
 - (b) if no such address has been supplied, the notice can be given in the manner in which it could have been given if the death, incapacity or bankruptcy had not occurred.

Accounting and financial matters

54 Financial year

The financial year of the co-operative ends on the 30th day of June.

55 Accounts

- (1) The board must have at least one financial institution account, electronic or otherwise, in the name of the co-operative, into which all amounts received by the co-operative must be paid as soon as possible after receipt.
- (2) All cheques drawn on the accounts, and all drafts, bills of exchange, promissory notes and other negotiable instruments, of the co-operative must be signed by 2 authorised persons.
- (3) The operation of any electronic accounts must be restricted so that there is a requirement for authorisation by:
 - (a) 2 authorised persons, or
 - (b) 1 authorised person for smaller transactions up to a limit set by the board.
- (4) For the purposes of this rule, an *authorised person* is:
 - (a) a director; or
 - (b) a person approved by the board.

56 Appointing an auditor or reviewer if there is a direction under the Law

- (1) If a small co-operative is directed to prepare a financial report under section 271 or 272 of the Law and the direction requires that the financial report be audited or reviewed, the board must appoint an auditor or reviewer (as the case may be) within one month of the direction.
- (2) An auditor or reviewer appointed under this rule holds office until the financial report prepared as a result of the direction has been audited or reviewed and sent to members.

57 Disposal of surplus funds during a financial year

- (1) The board may retain all or part of the surplus arising in any year from the business of the co-operative, to be applied for the benefit of the co-operative.
- (2) No part of the surplus may be paid or transferred directly or indirectly, by way of profit, to members of the co-operative.
- (3) A part of the surplus, but not more than 5%, arising in any year from the business of the co-operative may be applied for charitable purposes.

58 Provision for loss

The board must make appropriate provision for losses in the co-operative's accounts

and when reporting to members is to indicate whether the loss is expected to continue and whether there is any real prejudice to the co-operative's solvency.

59 Financial reports to members

The co-operative must prepare financial reports and statements in accordance with the Law, the National Regulations and these rules.

Winding up

60 Winding up

- (1) The winding up of the co-operative must be in accordance with Part 4.5 of the Law.
- (2) If, on the winding up or dissolution, there remains any property after the satisfaction of all the co-operative's debts and liabilities (including the refund of the amounts paid up on the shares), this must not be paid to, or distributed among, the members of the co-operative but must be given or transferred to an institution or institutions:
 - (a) with a vision similar to that of the co-operative;
 - (b) whose constitution prohibits the distribution of its property among its members; and
 - (c) chosen by the members of the co-operative at or before the dissolution or, in default, by a judge of the court with jurisdiction in the matter.
- (3) If on the winding up or dissolution there is a deficiency, members are liable to contribute towards the deficiency to the extent of any charges payable by the member to the co-operative as required by these rules.

Statement of Financial Position as at 31 May 2025

Current Assets	Note	\$
Cash	1	127,496
Receivable	2	111,812
Inventories	3	601,791
Other – prepayments	4	19,023
Total Current Assets		<u>860,122</u>
Non-Current Assets		
Property, Plant and Equipment	5	1,448,405
Membership Shares Horizon Credit Union		2
Deferred Tax Asset		32,309
Total Non-Current Assets		<u>1,480,716</u>
Total Assets		2,340,838
Current Liabilities		
Payables	6	224,801
Interest Bearing Liabilities	7	335
Current Tax Liabilities	8	-14,544
Provisions	9	115,146
Total Current Liabilities		<u>325,738</u>
Non-Current Liabilities		
Interest Bearing Liabilities	10	<u>0</u>
Total Liabilities Excluding Members Shares		<u>325,738</u>
Net Assets Excluding Members Shares		2,015,100
Members Shares classified as a liability	11	<u>-50,160</u>
Net Assets after Members Shares classified as a liability		<u>1,964,940</u>

Statement of Changes in Equity as at 31 May 2025

	Note	\$
Retained profits at the beginning of the financial year		1,693,699
Profit from ordinary activities before Income Tax		25,667
Income Tax Expense relating to ordinary activities		0
Profit from ordinary activities after Income Tax		25,667
Deferred Income Tax recognised		0
Prior Year Adjustment		13
Retained profits at the end of the financial year		1,719,379
Total Members funds before members funds classified as a liability		2,015,100
Less members share classified as a liability		-50,160
Reserves	12	-245,561
Total Members funds excluding members share		<u>1,719,379</u>

PROFIT AND LOSS
Period from 1 July 2024 to 31 May 2025

	\$
Sales	2,963,451
Less Cost of Goods Sold	
Opening Stock	568,287
Purchases and Freight Inwards	<u>2,283,955</u>
	2,852,242
Closing Stock	-601,791
Cost of Goods Sold	<u>2,250,451</u>
Gross Trading Profit	<u>713,000</u>
Income	
Gross Trading Profit	713,000
Rent	58,384
Interest	8,883
Sundry Income	<u>29,662</u>
Total Income	809,929
Expenses	
Advertising	5,989
Assets - Instant Write Off	0
Audit / Accounting Fees	4,500
Bad Debts Written Off	0
Bank Charges	6,489
Cobargo Hub expenses	24,006
Depreciation	17,500
Directors Fees	10,903
Donations	0
Electricity	-868
Forklift & Motor Vehicle Expenses	7,562
General expenses	3,369
Hiring Charges	7,608
Insurance	39,570
Interest Expense	26
Land Tax	7,449
Lease Preparation fees	967
Postage	2,074
Printing & Stationary	3,280
Projects Work expenses	11,750
Rates and Taxes	23,193
Repairs and Maintenance	13,556
Rubbish & Effluent Removal	11,746
Security/Outside Services	1,768
Seminars & Conferences	500
Software Support	10,016
Staff Training and Amenities	7,590
Subscriptions and Licences	3,094
Telephone	4,790
Wages & Superannuation Contributions	<u>555,835</u>
Total Expenses	<u>784,262</u>
Operating Profit	<u>25,667</u>