



**OUTBACK**  
*Stores*  
*Working With Communities*

**Annual  
REPORT**  
2017-2018



**402**

Aboriginal and Torres Strait Islander jobs in communities

**7.6**

Tonnes less sugar consumed through sugary drinks

**85%**

Of all team members employed in stores are Aboriginal and Torres Strait Islander

**430**

Tonnes of fresh fruit and vegetables sold in communities

**Outback Stores  
Committed to  
Closing the Gap**



## **Vision**

Outback Stores aspires to be the national company of choice by being the most efficient and effective provider of retail services and deliver quality and sustainable retail stores.

## **Mission**

To make a positive difference in the health, employment and economy of remote Indigenous communities, by providing quality, sustainable retail stores.

## **Nutritional Aim**

To improve the health of Indigenous people living in remote communities by improving access to a nutritious and affordable food supply.



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## Letter of Transmittal

24th of August 2018  
Senator the Hon Nigel Scullion  
The Minister for Indigenous Affairs  
PO Box 6100  
Senate  
Parliament House Canberra ACT 2600

Dear Minister,

In accordance with Section 97 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), I submit the Annual Report of Outback Stores Pty Ltd for the year ended June 2018.

Under section 97 of the PGPA Act, the Directors of Outback Stores are responsible for producing an Annual Report that includes a Financial Report, Directors Report and Auditors Report that is required by the Corporations Act 2001, and other additional information or report required by the Minister for Finance orders under the PGPA Act.

All reports and Audited Financial Statements contained in this Annual Report were made in accordance with a resolution of Outback Stores Directors on the 23rd of August 2018.

Yours Sincerely,

Stephen Bradley  
Chairman, Board of Directors

# Chairman's Report

On behalf of the board, I am pleased to report on Outback Stores' performance for the 2017-2018 financial year. We are a Commonwealth Government owned organisation with a mandate to improve the affordability and quality of nutritious food available in remote aboriginal communities. We passionately believe that access to healthy and affordable food in remote communities is a key element of closing the gap in the health of Aboriginal people. Meaningful change in the social outcomes that we seek will require generational change. The continuous and progressive change that Outback Stores has achieved over the last decade gives me great confidence for the future.

Our goal is to be financially self-sufficient with a strong focus on reinvesting any surplus funds to support communities that we work with. This year Outback Stores Pty Ltd made an operating loss of \$147,155. A major contributor to this result was the low returns available to our cash investments caused by the low interest rate environment. We are currently pursuing an alternative investment strategy to improve our overall return with appropriate mitigation of risk. We finished the year with thirty-eight remote community stores under management with total sales of \$80.2 million. Twenty-four stores in the Northern Territory, eleven in Western Australia and three in South Australia.

The board has a strategic focus on achieving an independent self-funded Outback Stores that will be able to deliver our social outcomes for the foreseeable future. Our objective is for the underlying operating business to be financially self-sufficient so that we can fund our core operations, support unviable stores and achieve our social outcomes without the need for further ongoing government subsidy. The most meaningful measure of this objective is comparable cash outflows (excluding store loans and custodian funding). Continued focus on efficiency has seen noted improvement. Cash outflows totalled \$619,689 against our target of \$1.5 million. Whilst we continue to improve year on year in this area, there is much work to be done as we challenge ourselves to reduce the cash outflow to a point where we are at break even.

All stores we operate are run on sound commercial principles. Last year twenty-five stores were commercially viable in their own right and generated an operating profit. Unfortunately, not all stores are commercially viable due to small populations, extremely remote locations or a combination of both. Despite this, we operate these stores as efficiently as possible, enabling us to keep the additional funds required to a minimum. In total, we provided \$1.76 million of funds to support thirteen unviable stores. This figure equates to a cost of \$392 for each person living in the communities we

work with to ensure reliable access to affordable and healthy food. In addition, a further \$299,455 was spent on capital improvements across sixteen stores.

I would like to thank the senior leadership team led by Michael Borg for their effort and commitment to our vision and mission over the last twelve months. This year we have achieved some of our best health, nutrition, employment and commercial outcomes, detailed throughout this report. These results wouldn't be possible without such strong leadership.

The composition of the board remained stable this year. I would like to welcome back Bess Price as a director. Her experience in politics, education and training, public administration, the media, community development, interpreting, translating and language teaching brings a unique set of skills and perspective that will be invaluable to the board.

This year is my eleventh and final year as Chairman and I will be leaving the Board in August 2018. Over this time, I have been privileged to work alongside many inspirational and dedicated people who are committed to improving outcomes for Aboriginal and Torres Strait Islander Australians. I would like to thank past and present board members, CEO's and team members who have made

valuable contributions to the Outback Stores vision. In an often-challenging environment, without each individual contribution to improving social and commercial outcomes for remote communities, we would not be where we are today. I would also like to thank our clients; without the store directors and community's support we would not be able to make such a contribution. With their ongoing support, Outback Stores will continue to grow and make a meaningful contribution towards closing the gap for the foreseeable future.

As the business now embarks on a new chapter I am confident that the capability and culture within Outback Stores will continue to drive standards to the highest they have ever been. I wish the team at Outback Stores the very best for all future endeavours.

**Stephen Bradley**  
*Chairman*

# CEO's Report

Outback Stores' commitment to making a positive difference to the health, employment and economy of remote Aboriginal and Torres Strait Islander communities is demonstrated by providing the highest quality retail stores in our market sector. Over the journey we have maintained an unwavering commitment to supporting remote communities by guaranteeing access and improving affordability of food supply. We work closely with many suppliers and service providers to achieve the best possible outcomes for the communities we serve.

Our health and nutrition team continue to support communities to deliver positive health outcomes. This year we continued our success in decreasing the proportion of sugary drinks sold by 6.6% while increasing water sales by 3.27% and diet drinks by 3.38%. 7.6 tonnes less sugar was consumed through these drinks compared to the previous year. Sales of fruit and vegetables continue to improve year on year with 5.43% (430 tonnes in total) more produce being sold this year. Engaging, educating and empowering communities to make proactive decisions in this area continues to deliver improved and sustainable outcomes. This year we also added a new team member Braedon McLean in a new role - Aboriginal Health and Nutrition Promotion Officer, further supporting our focus on health and nutrition moving forward.

This year 85% of all staff employed in community stores that we manage on behalf of communities are Aboriginal and Torres Strait Islander. Additionally, hours worked in stores by Aboriginal and Torres Strait Islander team members increased by 20% on the previous year. Both are significant results indicative of a cultural shift where we continue to make a concerted effort in challenging ourselves to perpetually improve Aboriginal and Torres Strait Islander employment outcomes.

We have continued our strong focus on working towards financial self-sustainability. This year we have further challenged ourselves to improve on operating efficiencies and ultimately reduce the amount of capital required to operate the business and support remote communities each year. I was pleased to report to the board that we have made solid progress with cash outflows totalling \$619,689 against a target of \$1.5 million. Whilst this is a positive step in the right direction we still have much work to do and will continue to strive towards achieving financial break-even and ensuring the longevity of the business.

I am very pleased to welcome Yungngora Community Store from the Kimberley region in Western Australia and Barlmark Supermarket from the West Arnhem Land region in the Northern Territory to the group. We

look forward to a prosperous working relationship with both entities.

This year saw Richard Mead join the senior leadership team as Group Merchandise and IT Manager. Richard is a great addition to the team, bringing with him thirty years' experience in the retail industry across supermarkets, liquor and in the independent wholesale sector.

Moving into the next year we remain focussed on delivering improved health, nutrition and employment outcomes. We will also be further investigating how we improve financial outcomes in particular; differentiation of how we invest capital, improving retail affordability in stores and how we model our service fees more efficiently with the goal of improving profit returned to communities and reducing cost to provide food security.

I would like to thank the senior leadership team for their dedication and support. Collaboratively we have achieved some fantastic outcomes over the past twelve months. I am confident that the team is as strong as ever and are united on delivering our mission well into the future.

I would also like to thank our clients. To the store directors; our relationships are a true partnership. Without your support and engagement, we wouldn't be able to deliver

improved outcomes for people in remote communities. I look forward to working with you well into the future.

Finally, I would acknowledge Stephen Bradley for his contribution and leadership as Chairman for the last eleven years. Simply put, without Steve, Outback Stores would not be where it is today. His impact over a decade has helped forge strong foundations, deliver improved outcomes for Aboriginal and Torres Strait Islander Australians and ensured the business is in a sustainable position to keep doing so well into the future. I wish the outgoing chairman all the very best for his future endeavours.

Outback Stores is extremely proud of the contribution it makes to the health, employment and economy of the communities. I am sure that with the continued support of our clients and stakeholders, Outback Stores will continue to grow and be successful for many years to come.

**Michael Borg**  
Chief Executive Officer



## Health & Nutrition

**Outback Stores continues to work with communities to ensure a nutritious, affordable and quality food supply.**

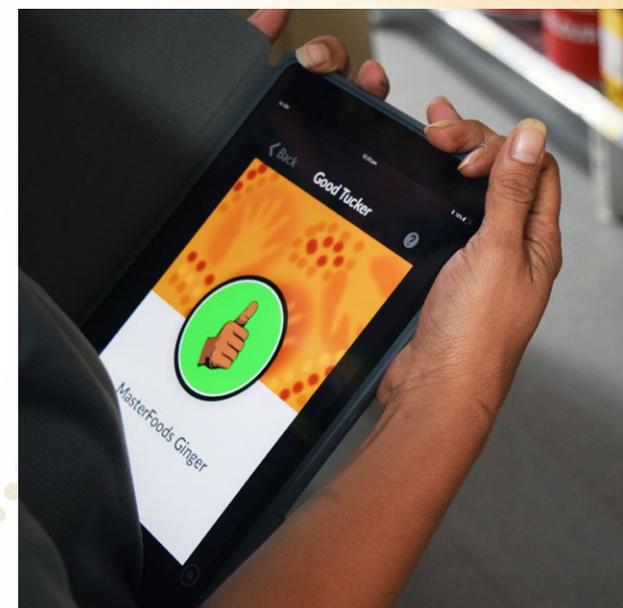
Our goal is to make healthy food and drink choices easier, while still maintaining choice. Our measures of success are reducing sugary drinks and increasing the sales of fruit and vegetables.

### Reducing sugary drinks

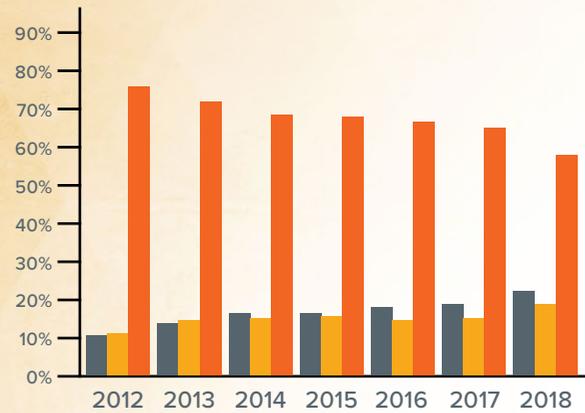
Sugar reduction in remote communities is a key focus for Outback Stores through community-led strategies achieved by engagement with community partners. Many communities have adopted different strategies that cater for their unique environment to encourage non-sugary drink options.

The 2018 financial year saw a 6.6% drop in the proportion of sugary drinks sold to 58.20% in comparable stores on the previous year of 64.84%. The proportion of water sold increased by 3.27% and diet drinks increased by 3.38%. The result of this is 76,282 litres less sugary drinks or approximately 7.6 tonnes less sugar from sugary drinks going into remote communities Outback Stores is working with.

This result is a testament to strong community leadership and engagement. Stores with competitors and those close to regional centres find it more challenging to implement sugar reduction strategies.

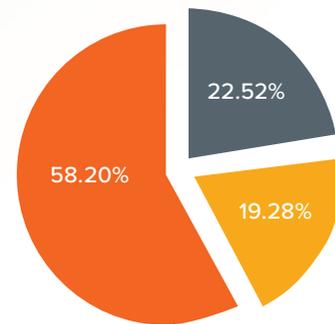


### Market share drinks for all stores



■ water ■ diet drink ■ soft drink

### Proportion of total drink sales 2017



Outback Stores has commenced piloting Sugar Reduction Project activities in communities that expressed interest and have been fully engaged to reduce sugar in remote community stores and improve their health.

This project is funded by the Department of the Prime Minister and Cabinet with an extra \$500,000 over three years.

Trial store activities in this project include using the Uncle Jimmy Thumbs Up app for store tours, education on sugary drinks and cooking demonstrations.

The activities received positive feedback by participants from the four communities involved.



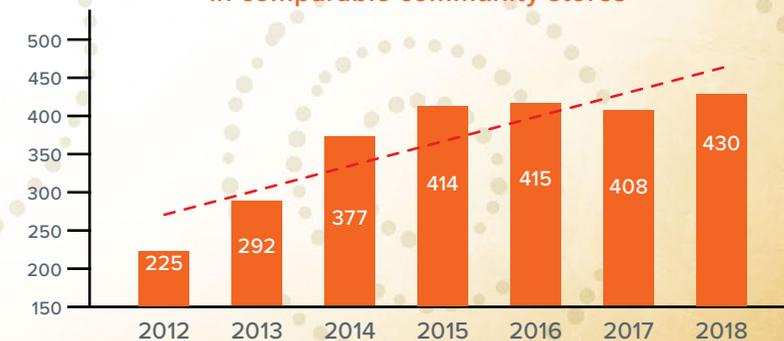
## Fruit and Vegetables

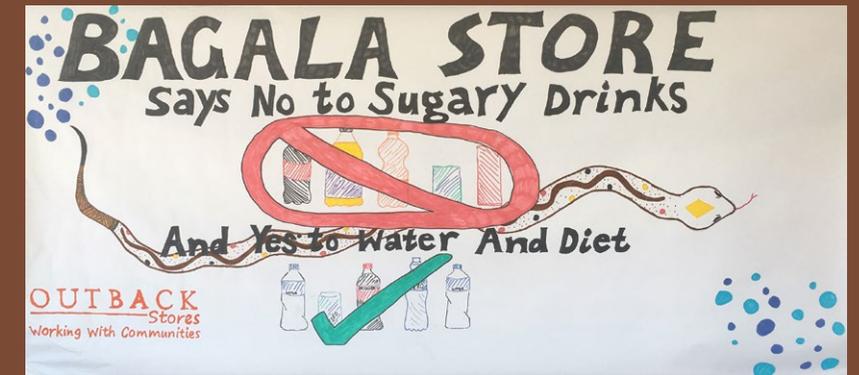
Volume of fruit and vegetables sold in 2018 was up 5.43% (430 tonnes) in thirty-five comparable stores on 2017 (406 tonnes) and up 3.74% on 2016.

The result was achieved by ensuring the best price and quality while improving the display, promotion and sales of fruit and vegetables in store.

Stores that achieved the largest increase in fruit and vegetables sold include Wetenngerr 69.05%, Imanpa 54.01%, Titjikala 57.23%, Illawarra 39.88%, Tjuntjuntjara 37.80% and Warmun 31.93%.

### Volume of Fruit and Vegetables in comparable community stores





## Bagala Community Store

At this year's Barunga Festival weekend sugary drinks were not available for sale from Bagala Community Store. As a result of engagement with Traditional Owners and stores directors of Bagala Community Store the community decided this year's festival would be sugary drink free. Outback Stores, LiveLighter and the Heart Foundation supported the community in making healthier choices easier.

The World Health Organization recommends less than thirteen teaspoons of sugar per day because of links to poor oral health and obesity which increases the risk of type 2 diabetes, cardiovascular disease and some cancers. In terms of sugar less than six teaspoons is linked with better health.

As a result the Bagala Community store reduced their sugary drink sales by 54% for the month of June 2018 from the same month last year in 2017 where the Barunga Festival falls over Queen's Birthday long weekend. This is a great result for the community resulting in less sugar consumption for not only the community but those visiting from other communities.

Outback Stores and the Health and Nutrition department look forward to future opportunities to engage with communities for sugar reduction strategies.



## Takeaway

Takeaway makes up 10% of total food and grocery sales in twenty-three stores with a takeaway. This increasing trend mirrors non-remote areas with increasing sales of takeaway and ready to eat food.

Outback Stores policies support healthy options being available and making up at least 50% of the display. Sales of healthier takeaway choices make up 22.7% of all takeaway items and demand for less healthy options remains very high. This is an increase in healthier items of 3.4% on 2017. There are opportunities to increase the range and sales of healthy foods. Outback Stores will be progressing this area more in 2018.



## Affordability

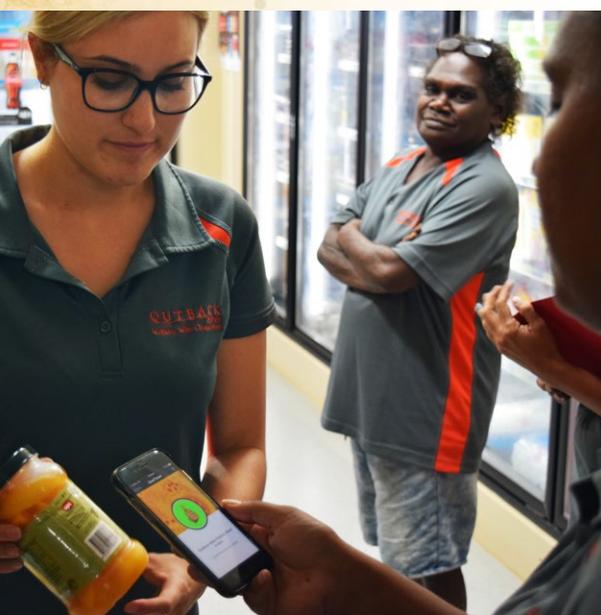
The cost of foods in remote stores is an ongoing issue with higher costs of supplying food in remote areas.

Outback Stores continues working with communities and suppliers to ensure staple foods such as fruit, vegetables and meat are affordable.

## School Nutrition Programme

We support the government's commitment to providing meals to school children in the NT through the School Nutrition Programme (SNP).

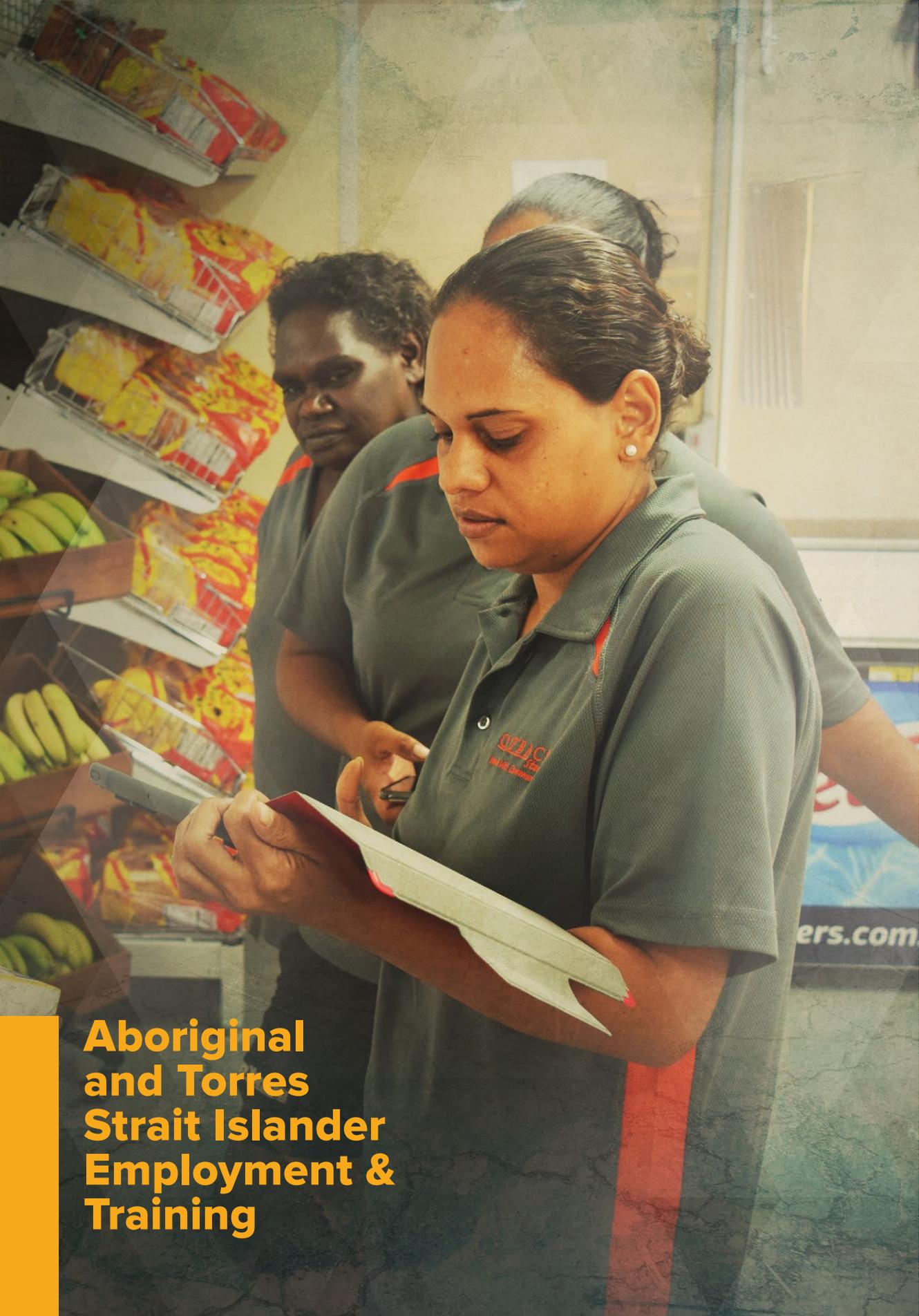
Outback Stores provide meals to four remote community schools from Mirnirri, Wetenngerr, Wirib and Nitjpurru Stores. SNP provides the opportunity to improve the engagement with learning and attendance at school.



## Work to come

The Health and Nutrition department's focus for the upcoming twelve months will be to work with communities to provide consistent healthy options. This includes supporting stores to prepare healthier options and standardising processes by creating a Healthy Takeaway Cookbook. Further development of the peer education training is underway to create certificate level material.





## Aboriginal and Torres Strait Islander Employment & Training

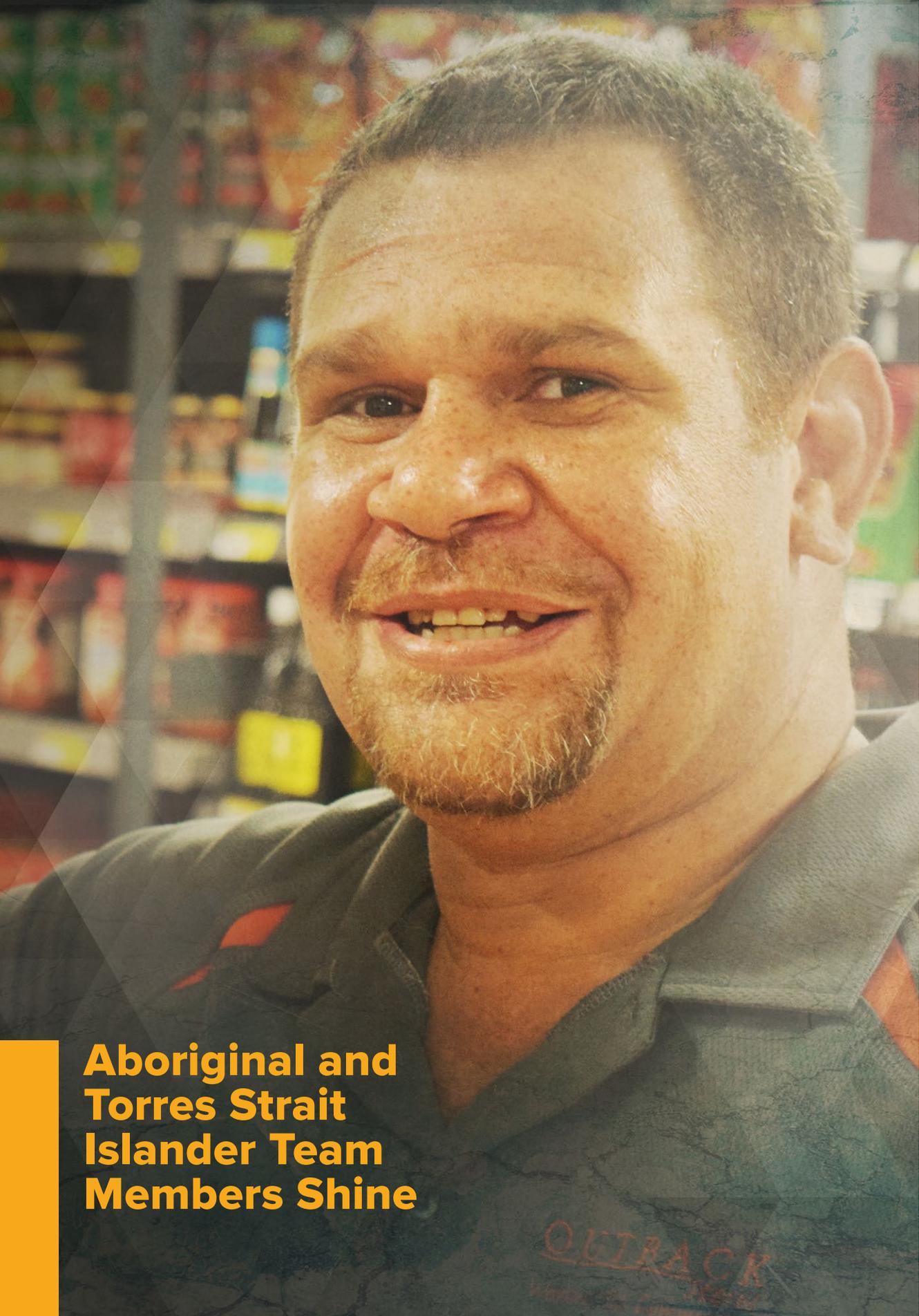
**Offering locally employed staff the opportunity to commence nationally accredited training on the job is essential to the success of Outback Stores and provides tangible opportunities for sustainable careers without having to leave their community.**

We finished the year with 85% of team members employed in community stores identifying as Aboriginal and Torres Strait Islander descent, our best ever result. This equates to over 400 people in remote communities and 100 more jobs than the previous year. This year we have focused strongly on improving engagement levels and attendance to work. As a result, total hours worked increased by 20% and enrolments in accredited training for permanent team members by 11% year on year, supporting the Commonwealth Governments Closing The Gap target of halving employment outcomes between Indigenous and non-Indigenous Australians. Further industry recognition also followed with Outback Stores being named as runner up in the NT Training Awards for medium enterprises.

Employment and development of Aboriginal and Torres Strait Islanders (ATSI) team members at our Darwin Support Office have also gone from strength to strength. We finished the year with eight (ATSI) team members, well ahead of our target of three. All eligible employees are enrolled in accredited training programs to support growth and development of skillset for the future.

With new team members joining the business we received feedback and identified the need to review our induction and training processes. Moving forward we will transition to an e-learning platform, providing a more interactive learning and development experience for employees. The goal is to improve the effectiveness and the efficiency of delivery and ultimately increase the number of employees that successfully complete certificates I, II and III in Retail. The past twelve months have seen an increased focus on identifying talented team members in remote communities that have aspirations to build a career in retail management. The results have been positive with team members progressing their career and taking on increased responsibility.

Increasing engagement by supporting team members to reach their goals through participation in accredited training will continue to be a key objective in the coming year and will be supported by augmented delivery and reassurance through improved one-on-one training time with our trainers and store managers commitment to on-the-job training.



## Aboriginal and Torres Strait Islander Team Members Shine



### Braedon McLean

Braedon is a descendant of the Wuthathi people on the east coast of Cape York, The Jawoyn people from the Katherine region and he is also a descendant from the Borrooloola Region. Braedon also has Indonesian Heritage as well as Scottish.

Starting his journey with Outback Stores in January 2018, Braedon immediately hit the ground running in his role as an Aboriginal Health and Nutrition Promotion Officer. His five years' experience of working in the field of education as an Indigenous tutor/teacher aid at schools across Darwin and boys' colleges in Melbourne has proved invaluable.

"Growing up I always loved having an older role model/sibling around, whether it was at school or at the footy club, someone who I could rely on to always have a chat and look to when I needed something so that's really where my passion grew to work with kids because I knew how much I benefited from it.

I am very lucky, my role allows to

me to work on one of my passions; educating remote communities young and old about health and nutrition and the impact that it has on our lives." said Braedon.

Outside of work Braedon's is playing his fourth season of semi-professional Australian Rules football for Northern Territory Thunder in the North Eastern Australian Football League and also plays for Wanderers in the Northern Territory Football League.

"Between work and footy I don't have much spare time, but I wouldn't have it any other way. I'm looking forward to continuing to work with communities around health and nutrition and making healthier choices easier choices well into the future." said Braedon.

## Brian Brown

Brian works at the Piliyamaniyirra Supermarket in Wurrumiyanga, Bathurst Island. He is originally from Cairns in North Queensland, his mother's tribe is Teapathigi Clan Western Cape York Peninsula and his father's is Yuggera Yurripul Brisbane.

Brian had multiple changes in career paths including as carpenter, civil works operator, mine operator and sport and recreation coordinator before trying his hand working in retail. After eleven years of working in remote retail, including five of these with Outback Stores Brian feels like he has found his calling.

"I enjoy coming to work every day supporting the community, especially helping the elders. I like to think that I'm setting a good example to other Aboriginal and Torres Strait Islander people. I like passing my knowledge and experience to the young people, hoping that they will make a difference in the future", he said.

Brian is building a career with Outback Stores having completed certificate II and currently completing certificate III retail operations, whilst progressing from a storeman to a duty manager.

Recently Brian has taken the step up to act as a relief manager in various communities, further building on his skills and experience.

"I have been fortunate to have met a lot of good managers in my time. I've gained knowledge, support from them and I'm very grateful for that. The support from my family is a big thing along with understanding how much work and commitment goes into running a supermarket. Balancing both family commitments and work can be hard sometimes, so I have to thank my family.

My future goal and aspiration is to be store manager of my own store and help more Aboriginal and Torres Strait Islander people in gaining training and employment in the retail industry. Having and gaining retail experience can take you anywhere in the country, every town and city has a store or supermarket." said Brian.



## Verona Brown

Verona works at the Mirirri store in the Ali Curung community located some 380km's North of Alice Springs.

Over the last two years she has proven herself to be a great asset to not only the store but also the wider community. She has built her reputation on trust, reliability and the most important thing to Verona, honesty. She is a very strong Aboriginal woman that has a great rapport with the community. Balancing family and work is no easy feat but Verona manages to do both really well.

"Verona is such a valuable part of our team in Mirirri. She is always keen and willing to learn new skills especially when it comes to the business side of the store. We are really proud of how far she has progressed" said store managers Scott Turner and Hine Ngarimu.

At work Verona spends most of her time training and mentoring the new members on how to operate the registers, something she really enjoys. She has great knowledge of the store, right down to the products stocked and sold. Verona is also formally developing her skills by completing Certificate II in Retail.

"I love working at the store as I can be a role model for the community, to support my family and this is teaching my children the importance of working hard for your money. I also really want to reach my goal of gaining my Certificate II in Retail", she said.





## Aidan Alberts

**Aidan works at the Nguru-Walalja Store in Yuendumu, located 290km northwest of Alice Springs via the Tanami Road.**

He was born in Mossman located 75kms north of Cairns in Far North Queensland. His mother's side is Torres Strait Islander and his father's is Warlpiri. In 2015 Aidan came to Yuendumu to visit family, he decided to stay in the community and was keen to find work. His brother suggested that he approach the managers at the time and enquire about working in the store. He did just that. The managers loved Aidan's attitude enthusiasm and offered him an opportunity to start work straight away.

Aidan has now established himself as an important team member as a full-time employee and is furthering his learning through formal training, currently completing his Certificate III in Retail, he sees this as a great opportunity to grow his skills.

"I'm really enjoying working in retail, we have a great team at the store, I really enjoy the interaction with our customers. I want to work hard and

create opportunities for the future but also to set a great example for the youth in the community as well. I've really enjoyed running the store when managers have been away, a future goal would be to become a relief store manager and run stores in other communities. It's great when you have managers like Sohail and Needa Ali and Naeem and Kimish Momin who really believe in you" said Aidan.

Naeem has been impressed with his attitude and approach to not only work but his engagement with the community.

"The way Aidan applies himself at work is outstanding. He wants to be a great role model for younger generations in the community and is always leading by example and about thinking at how he can influence youth in making good choices for the future. There's no doubt others look up to him and learn from him" he said.





## Steve Bradley: A Decade as Chairman



**This year marks 11 years for Steve as a director at Outback Stores. He joined the board in August 2007 and became Chairman in March 2008. This is his final term as he hands over the reins to the incoming chairman in August 2018.**

Before joining the board Steve worked in retail for over twenty-five years, commencing with Sainsbury's in the United Kingdom before emigrating to Australia in 1985. During his career he has held a number of senior positions in business change, information technology and logistics.

In his final role as the Chief Logistics and Information Officer for Woolworths he was responsible for the operation of its supply chain during a billion dollar change program as well as managing one of the largest computer networks in Australia. Steve retired from Woolworths in July 2007 to spend more time with his family and pursue charitable work with asylum seekers and Aboriginal and Torres Strait Islander Australians.

"I have always been passionate about utilising my skills and experience to support underprivileged minority groups. I heard about Outback Stores early on and knew that I wanted to get involved and help improve outcomes for our first Australians through the organisation" said Steve.

In 2006 Outback Stores was founded by then Minister Amanda Vanstone. As the Minister visited clinics in remote communities, it became clear that the most consistent issue that medical professionals raised was the lack of access to healthy, nutritious and affordable food supply due to logistical challenges and small community populations. This situation was being compounded by the fact that energy-dense foods were cheaper, resulting in higher rates of chronic disease, poorer oral health, lower wellbeing and ultimately decreased life expectancy.

Whilst Steve had some understanding of the challenges of food security in remote communities, it really hit home after his first extended visit to remote communities.



“After a week on the road visiting remote communities, I felt terrible. I had hardly eaten any fruit or vegetables, so many of the healthy foods I was used to were simply not available. While the conditions were really confronting, I did meet some amazing people and witnessed some great things happening. I knew by engaging with the community we could work together to improve the standards”, he said.

In the first year of Steve’s tenure as chairman 15 new stores joined the group. Outback Stores was growing quickly. As a result much discussion from the board centred on what was the right balance between social and commercial outcomes.

Steve was clear that the change in social outcomes that the commonwealth was seeking in remote communities was generational in

nature and that the business needed to work towards financial self-sufficiency to ensure its longevity and delivery of its vision and mission; a balance that is now culturally ingrained within the board and the senior leadership team and a legacy that Steve is proud to leave behind.

Over the course of his journey, Steve has become well known for shaping the future of the business through strong leadership. Belinda Orme has worked with Steve for ten years in business development and with the board as company secretary.

“There was a real struggle early on, but helping the company to define its balance of social with commercial outcomes was one of the most important changes that Steve facilitated at Board level. Steve always asks the right questions around the balance of both to meet the needs

of the communities we work with. We have been very fortunate to have had such a dedicated Chairman who ensured the composition of the Board meets the needs of the company as it has grown” she said.

Bob Hudson has worked with Steve on the board of directors for over ten years.

“Steve always had a very clear vision of the commercial obligations under which OBS was founded and its social responsibilities. He strove to ensure that this vision was well understood and not blurred. It is this vision that directed the company’s strong accountability guidelines and always striving for cheaper and better delivery of outcomes for all stakeholders.

He is committed to building the right team from board composition, to senior leadership as well as gathering around him influential supporters. He communicates clearly and always acts decisively and compassionately. He is truly a great leader, all who have worked with him are richer for the experience” said Bob.

Steve will continue to consult to a number of retail and manufacturing companies including the largest retailer in the world Wal-Mart in the USA. He plans to spend more time travelling with his wife Ros, sailing whenever the opportunity arises (his favourite pastime) and to spend more time with his family.

“I feel privileged to have worked with an organisation that has made significant inroads in important areas such as Aboriginal health, nutrition and employment. I would like to thank all that I have worked with over my

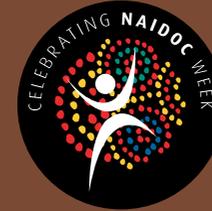
journey from store managers through to the, senior leadership team, as well as CEOs and board members. Without your collective contributions Outback Stores wouldn’t be where it is today.

This year we achieved our best improvement in social outcomes since the business was established. With the senior leadership team and board as strong as they have ever been I am confident Outback Stores will continue to excel well into the future. I wish the incoming Chairman and CEO every success and look forward to watching the business go from strength to strength” he said.

On behalf of all Outback Stores, past and present; we thank Steve for his contribution, undoubtedly the most significant influence in shaping the business into what it is today. We wish him all the very best for the future.



**Because of her,  
we can!**



**BECAUSE OF HER, WE CAN!**

8-15 JULY 2018

**At Outback Stores we have the privilege of working alongside inspirational leaders, trailblazers, politicians, activists and social change advocates.**

**Aboriginal and Torres Strait Islander women fought and continue to fight, for justice, equal rights, our rights to country, for law and justice, access to education, employment and to maintain and celebrate culture, language, music and art.**

**As pillars of our society, Aboriginal and Torres Strait Islander women have played – and continue to play - active and significant roles at the community, local, state and national levels.**

**NAIDOC Week 2018 celebrated the invaluable contributions that Aboriginal and Torres Strait Islander women have made – and continue to make - to our communities, our families, our rich history and to our nation under the theme - Because of her, we can!**

## Bess Nungarrayi Price

**Bess was born and raised in Yuendumu in the Northern Territory, her first language is Warlpiri. She also knows Luritja, Western Arrernte and Anmatyerre. She has also lived in Milikapiti and Noonkanbah communities.**

She attained a Bachelor of Applied Science in Aboriginal Community Management and Development from Curtin University and has worked in education and training, public administration, the media, community development, interpreting, translating and language teaching and has experience in small business management.

The Northern Territory Labor Government appointed Bess as Chairperson of its Indigenous Affairs Advisory Council (IAAC) in 2009. The Council was set up to provide advice and make recommendations regarding the implementation and further development of the Closing the Gap and Working Future agendas and assist the Northern Territory Government to engage with Aboriginal and Torres Strait Islander people.

In November 2011, Bess announced her resignation from the Indigenous Advisory Council and intention to stand for the Country Liberal Party in the Northern Territory 2012 election for the Central Australian seat of Stuart. She was elected as a Country Liberal Party member of the Northern Territory Legislative Assembly from 2012 to 2016, and was appointed Minister for Housing, Community Services, Parks and Wildlife, Local Government, Statehood and Women's Policy in the Northern Territory Government.

Bess is also a strong advocate for reducing violence against women. In 2009 she was appointed as a member of Violence Against Women Advisory Group. The Group provides the Commonwealth Government with expert advice on the implementation



of National Plan to Reduce Violence against Women initiatives. In 2012 Bess was nominated for the US International Women of Courage Award, an American award presented annually by the United States Department of State to women around the world who have shown leadership, courage, resourcefulness, and willingness to sacrifice for others, especially in promoting women's rights.

Bess was a member of the Outback Stores board, in 2011, this year she has re-joined as a director. She provides important and unique perspective to the board.

"Being on the board of OBS is an extremely important role for me. I am learning a tremendous amount, but I am also aware that I have a lot to offer.

Far too many decisions are made for remote communities by people who have never lived in one and have no first hand experience of the cultures, world view and life styles of the people who live in them and, of course, who don't speak one of their languages.

I understand the way my people think, why they make the decisions that they make, how they communicate with others, what is most important to them. I love working with them. There is nothing more important than keeping healthy than access to good, affordable food. All my relatives in my generation have either died early deaths or suffer chronic, life threatening illnesses. Through my role I can help to do something about this situation," she said.



## Amelita John

Originally from the Bulman Community, Amelita started her journey with Outback Stores in 2015 as a register operator.

She was quick to impress her managers with her positive can-do attitude, aptitude for learning and natural leadership qualities. It wasn't long before she started her progression through the Outback Stores pathways to management.

"From the first day I met Amelita it was clear that she was a real talent. Over the last four years we have focussed on helping her grow and develop the skills to support success as a young leader. The dedication she has shown to her personal and professional development has been outstanding", said training officer, Tina Gill.

Ms John was promoted to the position of Store Manager of the Bagala Store in 2017. The store is now the only fully Aboriginal owned and operated community store in the Northern Territory. Something that Amelita, the community and Outback Stores are all immensely proud of. Her dedication and performance has also been recognised in the wider community being named as a semi-finalist in the Northern Territory Indigenous Achievement and Rural Initiative awards in 2017.

The culture that Ms John has built with her team at store in eighteen months is a testament to her leadership qualities.

"We are really proud that our store is Aboriginal owned and employs only Aboriginal people. I really enjoy coming to work everyday, we have an outstanding team. We all work together and support each other. I would love to train up one of the team members from the Bagala Store to become a manager as well", said Amelita.

"Amelita has quickly established herself as a role model for others in communities. She has proven that there are great opportunities to develop a career as a retailer and leader in community stores if you are prepared to put in the hard work. We are now seeing aspiring people in communities wanting to follow in Amelita's footsteps and progress their careers", said Outback Stores CEO Michael Borg.

With young, driven and passionate role-models like Amelita leading the way for future generations, it's easy to see why the future is bright in remote retail.



## Sandra Eades

**Professor Sandra is an Associate Dean (Indigenous) for the Faculty of Medicine, Dentistry and Health Sciences, Centre for Epidemiology and Biostatistics within the Melbourne School of Population and Global Health at The University of Melbourne.**

Sandra, a Noongar woman from Mount Barker in Western Australia was the first in her family to complete high school. She left home at a tender age to study medicine across the country at the University of Newcastle, which at the time only had three other Aboriginal and Torres Strait Islanders (ATSI) medical students.

“It puzzled some of my cousins, it just wasn’t the norm,” Sandra explains. “My oldest brother thought I’d get homesick and come home after the first term and not actually finish, so he was actually very surprised when I would get back on the plane to go to uni after my term break.”

However, Sandra was fortunate to have a proud and supportive community behind her. After completing her medical degree, she finished her internship in Newcastle, before moving back to Perth to complete her registrar years.

“During my GP work, I first experienced medical practice with people facing profound poverty and homelessness and who were sleeping under the bridges in inner city Perth. I also became increasingly frustrated by my inability to make lasting changes to Aboriginal peoples’ health and circumstances in day-to-day practice. I gradually moved across to full-time medical research but continued to draw on my experiences in my home community as well as working in general practice with Aboriginal people from metropolitan Perth.”

She became the first Aboriginal medical doctor to receive a PhD. Her

research investigated the causes and risks for Sudden Infant Death Syndrome (SIDS) and serious infant illnesses within Aboriginal communities in Western Australia. Through her project, Sandra discovered, and brought to attention, the high incidence of ATSI women smoking while pregnant. This discovery opened the doors to intervention programs and support for pregnant ATSI women. Sandra now focuses her research in maternal and child health, which wasn’t a well-investigated area or a priority when she began.

Sandra’s long list of accomplishments influenced the community greatly, from leading early efforts to reduce the impact of smoking on Aboriginal peoples’ health to writing policy documents for the Department of Health on improving maternal and child health.

As well as sitting on the Outback Stores Board of Directors, Sandra chairs the Principal Committee Indigenous Caucus (PCIC), which provides advice to the National Health and Medical Research Council (NHMRC) on issues in ATSI health research and also sits on NHMRC Council as the member with expertise for Aboriginal and Torres Strait Islander health.

Her goal is to mentor and guide those who will eventually take the reins and continue on the path that she and others have paved. Sandra is enthusiastically looking forward to the future and the ‘explosion of opportunity’ within health and medical research.



## Santa Teresa Excellence Recognised

Santa Teresa Community Store is a 100% Aboriginal owned business, employing over 80% local staff. The store is leading the way with excellence in the training of Aboriginal employees.

This year the business received formal recognition from Group Training Northern Territory (GTNT), being named as a finalist the prestigious GTNT host business of the year award for 2018.

Delivering training to Aboriginal people is vastly different to delivering training in a mainstream environment. For most trainees, the English language is not their first and quite often third or fourth language spoken. As a result, Aboriginal people learn in a much different way to mainstream Australians. A tailored delivery style is required to ensure that the curriculum is absorbed effectively.



Store managers Rob and Racquel Monkley have created a collaborative learning environment built on inclusiveness and diversity, which sees mainstream Australian and traditional Aboriginal methods cross over to create a special two-way learning culture.

“We are firm supporters of apprenticeships, and believe it is an investment in the future of our business, encouraging our local Aboriginal and Torres Strait Islander staff to obtain national accredited qualifications.

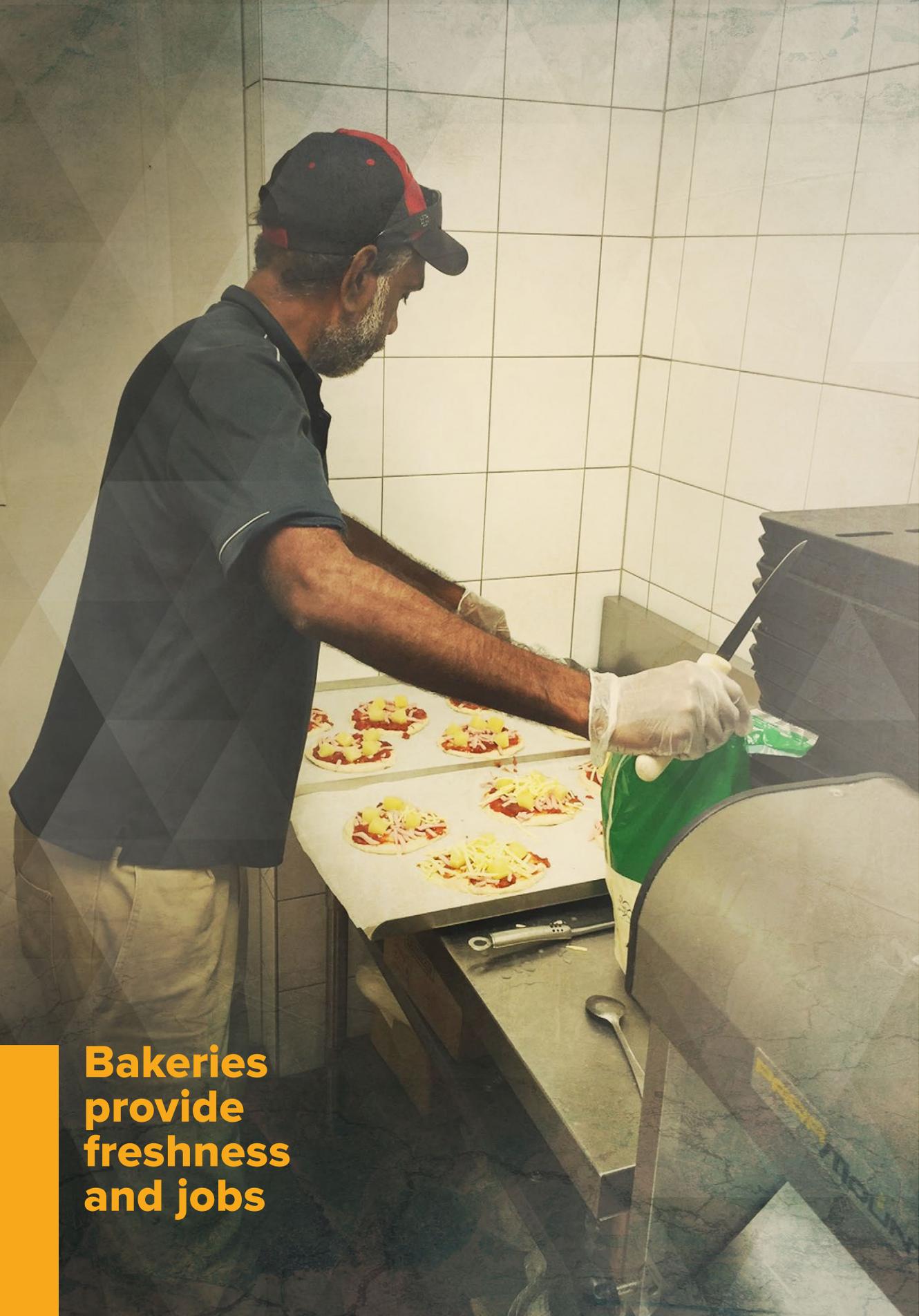
“It’s really important to staff that they can stay on country and not have to leave family to complete their training. We are big believers in our trainees earning while they are learning” said Racquel.

In recent times two outstanding trainees; Charlotte Flowers and Troy Turner have worked their way through the ranks to become supervisors. Charlotte was the winner of the GTNT Indigenous trainee in 2016 and Troy was named as a finalist in the same award in 2017.

With results like this, it’s easy to see why the store is fast building a reputation for nurturing talent and developing trainees into high performing individuals.

This recognition hasn’t gone unnoticed by the community with employees being sought out from organisations such as the Shire to take the next step in their career. Proof that the skills learnt through training are transferrable, supporting Aboriginal employees to build strong careers into the future.





## Bakeries provide freshness and jobs

In 2015 Remote Food Solutions approached Outback Stores to install bakeries into remote community stores. The goal of the strategy was to provide economic development and employment outcomes from quality training and food security to Aboriginal and Torres Strait Islander communities throughout remote Australia. Two trial locations were decided on - Beswick and Ngukurr communities.

The bakeries in both communities have steadily taken shape over the last 12 months and are now fully operational. A range of bread and rolls are baked daily including healthier multigrain and wholemeal options. In addition, there is also a range of sandwiches, wraps, salads, pastries and hot food available.

The improvement in freshness has been an immediate hit. "Previously bread was baked in Darwin, then frozen and freighted up to 600km to the communities. People are loving the freshly baked bread every morning, the smell around the communities in the morning is amazing!" said area manager Matt Pawelski.

During the wet season both communities are subjected to flooding and road closures meaning stock needs to be airlifted by light plane or helicopter. The cost to do so and ensure the community has food security is a substantial one. With the bakeries producing fresh bread in the community there will be minimal requirement for this important staple to be freighted.

Both bakeries have provided opportunities for local people to be employed and trained in Certificate II in Retail, gaining valuable training and education whilst earning an income. The trial has certainly been a successful one thus far. Delivering fresh and healthy food prepared by locally trained and employed staff whilst improving food security are all great benefits for the community.



## Work health and safety



This year we have launched a new online safety training platform Induct Now. This platform has enabled the business to reduce paper-based training documentation and utilise accurate and timely reporting functions at the click of a button. In June we assigned updated Safe Work Practices (SWPs) via this platform to all staff across the business to complete, providing the team with a refreshed focus on safety requirements whilst entrenching Outback Stores dedication to a strong safety culture.

To support, we have added a dedicated safety headcount, with Karla O'Brien joining the team as Work Health and Food Safety Coordinator. Karla has continued the great work that Tina Gill has contributed over the past two years and has provided great drive and passion towards improving safety outcomes.

Incident reporting continues to evolve as our safety culture grows. We are expanding on the types of incidents and frequency of incidents that are being reported from stores. Reporting and engagement will continue to be a major focus into the future, supporting the reduction of risk and ensuring the safety of our team members. As a business we are committed to continuous improvement, and in line with this; the current paper-based safety compliance forms will be transferred into the iAuditor online platform. This system is used widely across retail environments to ensure compliance and will minimise paperwork allowing area and store managers access to required safety check forms providing live data and reports to Darwin Support Office, whilst also enabling more efficient management of our corrective actions

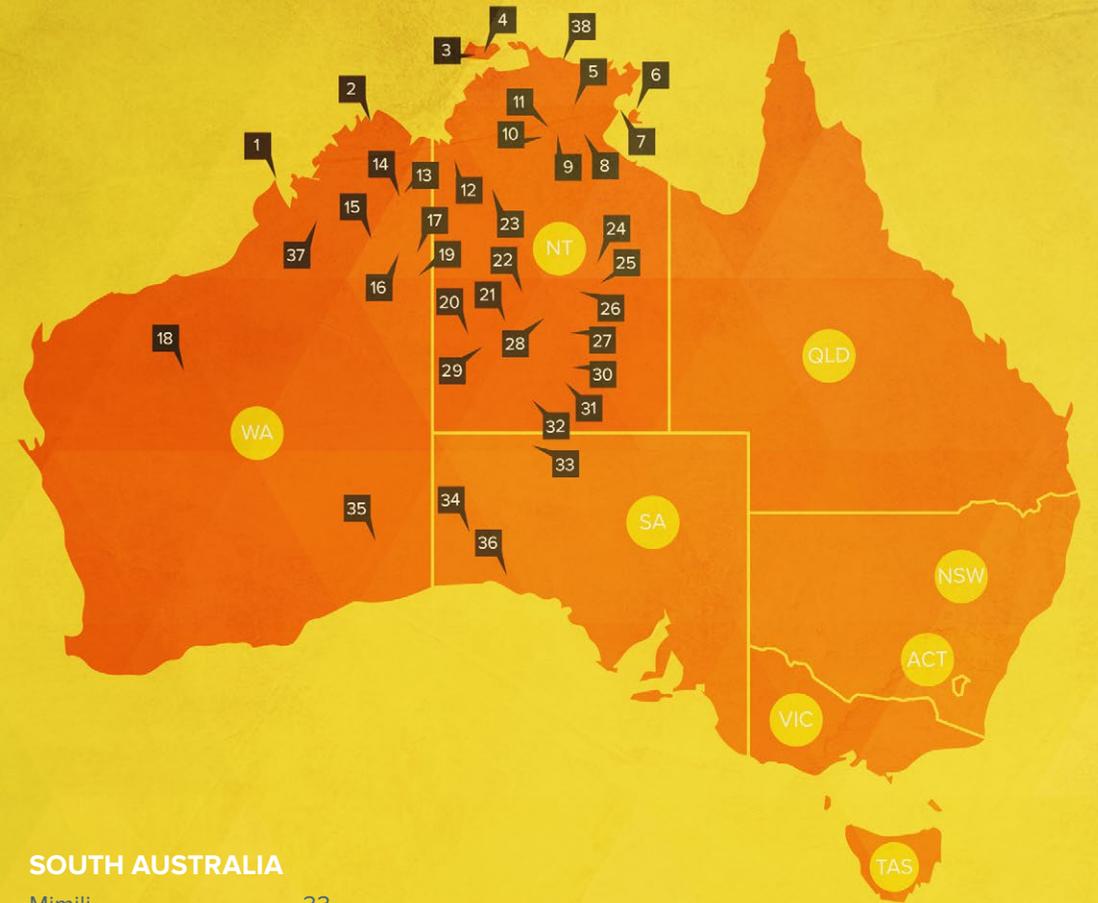
register. We continue to review our training register for stores and Darwin Support Office to support our training obligations and ensure legislative requirements are met. Additional work will be required to ensure staff training is up to date, to reduce risk and ensure the continued safety of our staff.

Improving food safety has been a major focus over the past twelve months. As a result, a food safety committee has been formed and meetings are now being held quarterly. Additionally, a food safety safe work practice has been developed to set a consistent standard and provide our team the information they require at a glance. This coincides with the information provided in the compulsory food safety package undertaken by our team and workers. Our goal is to perpetually improve education, processes and ultimately food safety standards in stores.

Under Schedule 2, Part 4 of the Work Health and Safety Act 2011 there have been no notifiable incidents reported during this reporting period.



## Store Locations



### SOUTH AUSTRALIA

Mimili	33
Oak Valley	34
Yalata	36

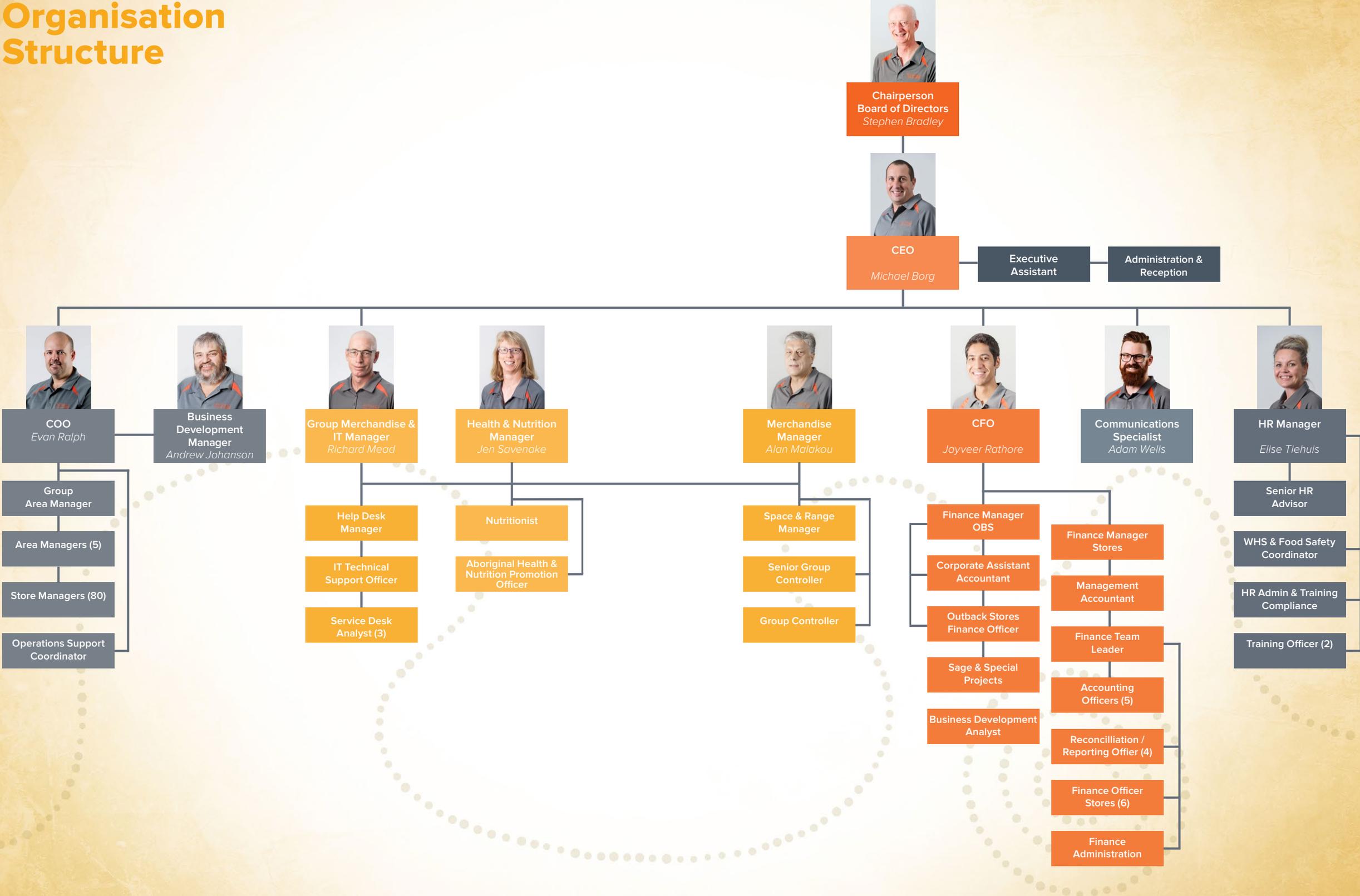
### WESTERN AUSTRALIA

Balgo	19
Beagle Bay	1
Jigalong	18
Kalumburu	2
Mulan	16
Noonkanbah	37
Ringer Soak	17
Tjuntjuntjara	35
Wungkul (Store)	14
Warmun (Road House)	13
Yiyili	15

### NORTHERN TERRITORY

Ali Curung	26	Mt Liebig	29
Angurugu	6	Ngukurr	8
Barunga	11	Nyirripi	20
Beswick	9	Pigeon Hole	23
Bickerton Island	7	Titjikala	31
Bulman	5	Ti Tree	28
Canteen Creek	25	Santa Teresa	30
Engawala	27	Willowra	22
Epenarra	24	Timber Creek	12
Imanpa	32	Wurrumiyanga (Nguiu)	3
Jilkminggan	10	Wurrumiyanga (Nguiu Club)	4
Maningrida	38	Yuendumu	21

# Organisation Structure



# Our Organisation

## Purpose

Outback Stores is a Commonwealth owned company with an independent Board of Directors, which provides retail management services to Aboriginal and Torres Strait Islanders (ATSI) owned stores.

It has been established to improve access to affordable, healthy food for ATSI communities, particularly in remote areas, through providing food supply, store management and support services, and as far as practicable, to operate sustainably, competitively and efficiently, and provide employment and training opportunities for ATSI people.

## Location: Outback Stores Darwin Support Office

67 Pruen Rd, Berrimah NT 0828

## Workplace Profile

The number of employees at Outback Stores has decreased slightly from an average of 144 in the 2016-17 financial year to 140 staff in total as at 30th of June 2018.

Approximately 402 staff employed in stores, 85.1% are ATSI, consisting of:

Male Full-time 4	Male Casual 96	Female Full-time 2
Male Part-time 43	Female Casual 205	Female Part-time 52

## Senior leadership team

The senior leadership team (SLT) is led by the chief executive officer. The 9-strong team is responsible for leading the strategic direction of the business and ensuring key objectives are delivered. The team meets on a weekly basis to discuss progress and review performance. Further details of the SLT can be found on the organisational chart on page 52-53.

## Learning and Development

Outback Stores is a Registered Training Organisation (RTO) offering nationally recognised qualifications in retail services. We are able to offer Certificate I, II, III and IV in Retail to all eligible store staff and store managers.

## Subsidiaries

Outback Stores has subsidiaries; these are Ti Tree Grocery Pty Ltd in Ti Tree, Northern Territory and Cardwell Supermarket Pty Ltd in Cardwell, Queensland.

Information regarding these subsidiaries can be found in the financial reports.

# Outback Stores' Performance

## Performance Summary

The company has been working towards achieving the following seven strategic priorities over the past financial year.

1. We exceed our shareholders expectations
2. We are recognised as a trusted reliable retail provider
3. We have strong partnerships with current and potential store owners
4. We have an effective healthy food strategy
5. We are an employer of choice
6. We are the most innovative retailer in our market
7. We make a surplus before interest income

## The key performance indicators

In line with the organisation's purpose, our key focus has been in the following areas:

Health and Nutrition	Target	Result
Increase fruit and vegetables tonnage	2.5 %	5.4 %
Reduce full sugar soft drink sales as a % of total drink sales	1 %	6.6 %

Employment and Training	Target	Result
Aboriginal and Torres Strait Islander remote retail outlet employees (% of employees in all outlets)	80 %	85.1 %
Aboriginal and Torres Strait Islander Outback Stores support office employees and store management (headcount)	3	8
Permanent Aboriginal and Torres Strait Islander employees enrolled in accredited training programs	60 %	66.3 %

Expand the network of stores	Target	Result
Increase the number of stores	2	2

# Outback Stores' Contribution towards Closing The Gap

Outback Stores works towards improving the health and employment of Aboriginal and Torres Strait Islander Australians. This directly relates to three of the Commonwealth Government's Closing the Gap targets. These are:

## **Close the gap in life expectancy within a generation.**

Outback Stores is committed to providing access to good quality food at an affordable price, leading to better health outcomes for current and future generations. Having access to a broad range of fresh fruit and vegetables not only improves the quality of life, but studies consistently show that diets plentiful in fruits and vegetables help people maintain a healthy weight and protect against cardiovascular disease. This would directly impact closing the gap in life expectancy within a generation

## **Halve the gap in mortality rates for Aboriginal and Torres Strait Islander children under five within a decade.**

We work with a number of stores, communities, schools, health care providers and non-government organisations, to promote healthy food and drink choices at a young age. We assist in providing education to help increase community awareness and knowledge about health and nutrition, specifically to make healthy choices easier. Stores have a healthy food policy in place with the goals of reducing the sales of sugary drinks, increasing the sales of fruit and vegetables and increasing healthy takeaway options. Investing in such activities supports community members to make good informed decisions for their young families and helps young children understand healthier options in life.

## **Halve the gap in employment outcomes between Indigenous and non-Indigenous Australians.**

Our focus on providing employment opportunities for Aboriginal and Torres Strait Islander (ATSI) Australians since 2006 has been strong. At 30th of June 2018, we had 402 ATSI staff employed in OBS managed stores. Outback Stores is a Registered Training Organisation (RTO), offering nationally recognised qualifications in retail services. This opportunity allows Aboriginal and Torres Strait Islander Australians to gain accredited qualifications and opens doors for a range of new employment opportunities.

# Corporate Governance

## Introduction

Outback Stores is a wholly owned Commonwealth company and is currently under the Department of the Prime Minister and Cabinet Portfolio. The responsible Minister for the 2017-18 reporting period is Senator the Hon Nigel Scullion, Minister for Indigenous Affairs. Outback Stores was required to fulfil the requirements of the *Corporations Act 2001* and *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* for the full financial year.

## Corporate Governance Statement

Unless otherwise disclosed below, the company has followed the best practice guide on corporate governance principles, as published by the Australian National Audit Office, for the entire financial year ended 30th June 2018.

## Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report and their term of office are detailed in the director's Report on page 69. Outback Stores directors are appointed by the Minister for Indigenous Affairs. All directors are non-executive.

## Ethical Standards

The board acknowledges and emphasises the importance of directors and employees maintaining the highest standard of corporate governance practice and ethical conduct.

## Board Development and Review

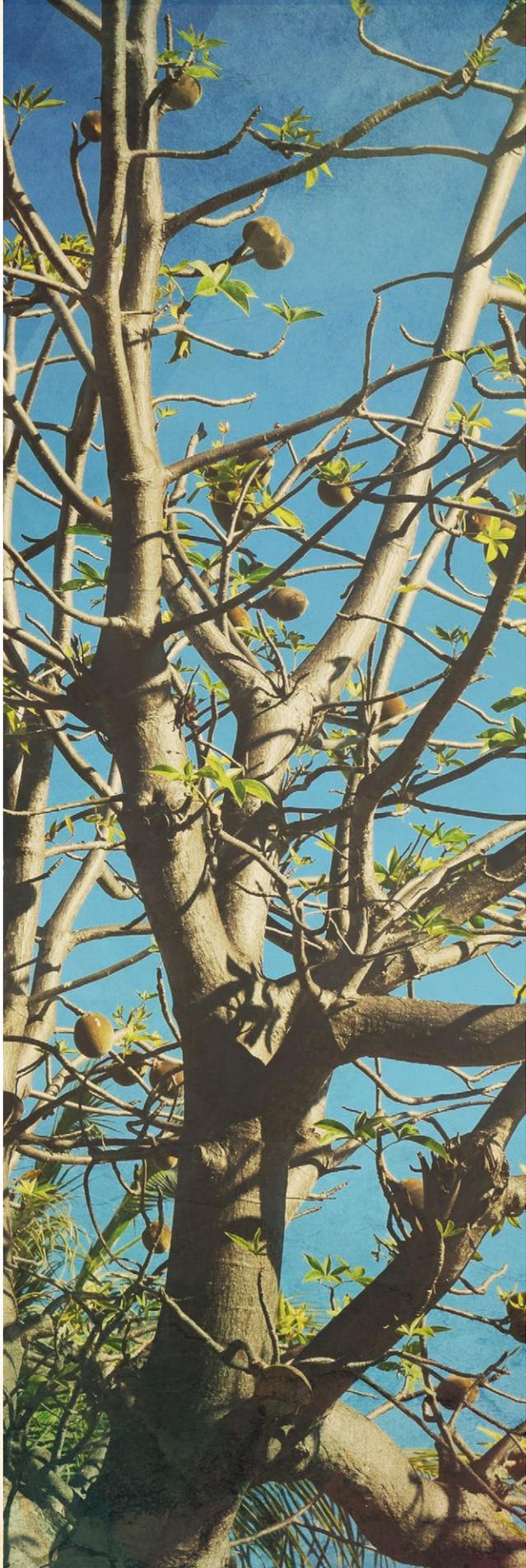
New board members undertake a formal induction into their role, including a meeting with the Chair and other directors. They are given an induction pack that includes the Board Governance Charter. Directors are required to pursue their own development and continuously update their knowledge to attain and maintain the levels of competence demanded of them. Directors are expected to undertake ongoing professional development that is relevant, required and commensurate with Outback Stores' requirements.

## Remuneration

Outback Stores directors are entitled to remuneration and allowances in accordance with Remuneration Tribunal determinations. Details of directors' remuneration and interests are set out in the financial statements.

## Indemnity and Insurance

Outback Stores indemnifies current and former directors and staff members against any liability or costs incurred in connection with any claim brought against them as a result of, or in connection with, their appointment to any office or position in Outback Stores or a related entity. Outback Stores holds directors' and officers' liability insurance coverage through Comcover, the Commonwealth Government's self-managed fund. As part of its annual insurance renewal process, Outback Stores reviewed its insurance coverage in 2017-18 financial year to ensure it remained appropriate for its operations. The cost of directors' and officers' indemnity insurance for 2017-18 financial year was \$22,986.44



## Board of Directors

As of 30th June 2018



Stephen Bradley  
Chairman



Graham Cook



Bess Price



Geoff Thomas



Sophie Cleveland



Stephen Bate



Julie Brimblecombe



Sandra Eades

## Meetings held during the year and attendance

The Board of Directors meet quarterly or as required, this includes any emergency meetings that may be necessary. Further details on directors meetings can be found on page 73.

## Performance Evaluation

The performance evaluation of the Board of Directors is conducted yearly. The Chairman discusses with relevant parties whether they feel the board is performing well and any feedback required. The Chairman then discusses the outcomes at the next board meeting to identify appropriate action to remedy any identified shortcomings, to continue to perform effectively.

## Audit and Risk Committee:

The Audit and Risk Committee was established in 2007 and meets quarterly or as required. The Company is required to have an Audit Committee under section 45 of PGPA Act.

The committee charter is to consider any matter relating to the financial reporting, internal control structure (Including director reimbursement), internal risk management systems and external audit function of Outback Stores and any of its controlled entities.

The functions of the committee include:

- a) Helping the Company and its directors to comply with obligations under the *Public Governance, Performance and Accountability Act 2013* and the *Corporations Act 2001* and
- b) Providing a forum for communication between the directors, the senior management, and the external auditors of the Company.

The performance evaluation of the committee is conducted yearly and follows the same process as the board evaluation.

## Social Outcomes Committee:

The board established the Social Outcomes Committee in 2013 and meetings are held quarterly or as required. Its Charter is to consider any matter relating to social outcomes in individual Aboriginal and Torres Strait Islander (ATSI) communities; including nutrition, employment, community engagement and economic development.

The functions of the committee include:

- a) Developing strategies with management on;
  - i) Health and nutrition
  - ii) ATSI employment
  - iii) Community engagement and
- iv) Economic development in communities
  - b) Monitor and review progress against approved strategies.
  - c) Review and approve formal working partnerships with other agencies in nutrition, ATSI employment, community engagement and economic development.

## Store Assessment Committee:

The Store Assessment Committee, previously the Store Acquisition Committee, continued with the responsibilities delegated last financial year. The board established the Store Assessment Committee in 2007 and meetings are held monthly or as required. Its Charter is to consider any matter relating to store management in individual ATSI communities; including strategy, agreements, termination, expenditure, capital loans and underpinning.

The functions of the committee include:

- a) Consider management proposals for store acquisitions under management agreements, leases or purchases.
- b) Consider management proposals to discontinue management services.
- c) To authorise requested operational underpinning by management for unviable stores.
- d) To authorise requested capital underpinning by management for unviable stores.
- e) To authorise commercial loans to stores under company management.
- f) To ensure robust procedures are implemented and followed for the use of public funds to support remote stores under company management

## Meeting attendance:

Further details on committee meeting attendance can be found on page 73.

## OTHER INFORMATION

### Environmental performance and ecologically sustainable development

Section 516A of the Environmental Protection and Biodiversity Conservation Act 1999 (EPBC Act) requires Commonwealth Government organisations-including authorities such as Outback Stores to include in their Annual Report a section detailing their environmental performance and their contribution to Ecologically Sustainable Development (ESD). In doing this, Outback Stores is committed to the principles of ESD as detailed in section 3A of the EPBC Act.

The following table details Outback Stores' ESD activities in accordance with section 516A(6) of the EPBC Act 1999.

ACTIVITY	HOW IT ACCORDS WITH THE PRINCIPLES	HOW IT FURTHERS OR ADVANCES ESD PRINCIPLES
Recycling plan	Integrating both long and short-term economic, environmental considerations.	Implementing and maintaining a recycling plan in the national office to reduce waste.
Store refrigeration	Recognising and considering the environmental impacts of actions and policies.	Refrigeration in stores is upgraded accordingly to reduce power consumption and swapping to more efficient refrigerant gas in new equipment.
Lighting for stores and housing	Recognising and considering the environmental impacts of actions and policies	Remote stores and manager housing is fitted with energy- efficient lighting, where possible, to reduce power consumption.
Hot water for stores and housing	Recognising and considering the environmental impacts of actions and policies	Solar hot water systems are installed in stores and housing, where possible.
Sale of white goods	Maintaining company competitiveness in an environmentally sound manner	Considering all environmental impacts when purchasing all new equipment.
Purchasing new equipment	Integrating both long and short-term economic, environmental considerations.	Considering all environmental impacts when purchasing all new equipment.
Capital improvement programs	Integrating both long and short-term economic, environmental considerations.	Considering all environmental impacts as part of the process of identifying capital improvement programs.
Upgrading computers	Recognising and considering the environmental impacts of actions and policies.	Computers are upgraded accordingly.

### Outback Stores' approach to implementing ESD Principles

Outback Stores was established to improve access to affordable healthy food in remote Aboriginal and Torres Strait Islander communities - our primary focus is on economic and social outcomes, rather than environmental outcomes.

We have continued our efforts to reduce Outback Stores' carbon footprint through various measures such as implementing more sustainable energy practices, water management and waste management. We are continuing the development of programs at our national office and remote stores to reduce environmental impacts and although we are yet to develop metrics to monitor our carbon footprint, we are committed to continual improvement in environmental performance management.

### Risk management

Regular senior management and Audit and Risk committee reviews identify strategic risks in the Company's activities. The Company's risk profile is updated on an ongoing basis and is reported quarterly. This is then discussed at each meeting with any concerns addressed to the board.

### Significant activities and changes affecting the company

There were no significant activities and changes affecting the Company in the 2017-2018 Financial year.

### Disclosure requirements for government business enterprises

Outback Stores is not currently a government business enterprise and hence has no reporting requirement for this Annual Report relating to changes in financial conditions and community service obligations or information that is commercially prejudicial.

### Ministerial directions and general policy orders

There have been no Ministerial Directions, General Policies or General Policy Orders issued to Outback Stores.

## Judicial decisions and reviews by outside bodies

There were no judicial decisions or decisions of administrative tribunals that had a significant effect on Outback Stores' operations during 2017-18. The Commonwealth Ombudsman received no complaints regarding Outback Stores.

## Index

Compliance Index of *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* requirements for Commonwealth Companies

REQUIREMENT	REFERENCE	PAGE (S)
Approval by directors	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E</i>	9
Purposes	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E</i>	54
Responsible Minister	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E</i>	57
Ministerial directions and government policy orders	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E</i>	63
Information about directors	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E</i>	69-70
Organisational structure and location	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E</i>	52-54
Statement on governance	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E</i>	57
Related entity transactions	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E</i>	114
Significant changes and activities affecting the company	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E</i>	63
Judicial decisions and reviews by outside bodies	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E</i>	64
Obtaining information from subsidiaries	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E</i>	54
Disclosure requirements for government business enterprises	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28F</i>	63
Index of annual report requirements	<i>Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E</i>	65

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This document must be attributed as the Outback Stores Pty Ltd Annual Report 2017-2018.

**OUTBACK**  
Stores  
*Working With Communities*

## Financial Statements

Outback Stores Pty Ltd and its controlled entities  
ABN: 63 120 661 234

General purpose financial statements for the year ended 30 June 2018

## Outback Stores Pty Ltd and its Controlled Entities

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## Outback Stores Pty Ltd and its Controlled Entities

### Director's Report

The directors of Outback Stores Pty Ltd (The Company or Outback Stores) and its controlled entity (the Group) submit herewith the annual consolidated financial statements of the Group for the year ended 30 June 2018. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

#### Information about the directors

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

Name	Particulars
Mr. S. Bradley	Chairman, joined the Board on 31 July 2007 in a non-executive capacity. Mr. Bradley specialises in logistics and information technology and was involved in Woolworths, Big W Discount Stores and J. Sainsbury in London.
Mr. R.E. Hudson	Chartered Accountant and former Managing Partner of Deloitte Touche Tohmatsu in the Northern Territory, joined the Board on 24 July 2008 in a non-executive capacity.
Mr. G. Cook	Joined the Board on 16 September 2015 in a non-executive capacity. Mr Cook has a strong background in retail, enterprise development, consultancy, training and tourism. Mr Cook has worked with both mainstream and Indigenous enterprises.
Mr. G. Thomas	Joined the Board on 16 September 2015 in a non-executive capacity. Mr Thomas has worked in transforming consumer supply chains for over 25 years. Mr Thomas has spanned senior executive roles, both as a senior business leader with blue chip corporates, as well as an advisor in management consulting. Mr Thomas has acquired deep expertise in the retail and FMCG industries.
Ms. S. Cleveland	Joined the Board on 1 September 2016 in a non-executive capacity. Ms. Cleveland is the partner in charge of the commercial disputes resolution team in the Darwin office of a national law firm, she is an experienced and pragmatic litigator specialising in the areas of construction, employment, and Aboriginal land disputes.
Mr. S. Bate	Joined the Board on 1 September 2016 in a non-executive capacity. Mr Bate has extensive experience in retailing, having worked for Woolworths for 37 years. Mr. Bate was part of the Woolworths Senior Management Team, and has experience in both buying and operations at senior executive level.
Assoc. Prof. J. Brimblecombe	Joined the Board on 1 September 2016 in a non-executive capacity. Assoc. Prof. J. Brimblecombe has worked crossculturally in the South Pacific and with remote Northern Territory Aboriginal communities for over 20 years. Assoc. Prof. J. Brimblecombe is an Associate Professor in the Department of Nutrition, Dietetics and Food, Faculty of Medicine, Nursing and Health Sciences at Monash University.

cont.

## Outback Stores Pty Ltd and its Controlled Entities

### Director's Report

**Prof. S. Eades** Joined the Board on 1 September 2016 in a non-executive capacity. Professor Eades completed her medical degree in 1990 and after working as a general practitioner began her career in health research at the Telethon Institute for Child Health Research where her focus was on the epidemiology of Indigenous child health in Australia.

**Ms. B. Price** Joined the board on 30 November 2017. Ms. Price has worked in education and training, public administration, the media, community development, interpreting, translating and language teaching and has experience in small business management. In 2008 the Northern Territory Labor Government appointed Ms. Price as Chairperson of its Indigenous Affairs Advisory Council (IAAC). She was elected as a Country Liberal Party member of the Northern Territory Legislative Assembly from 2012 to 2016, and was appointed Minister for Housing, Community Services, Parks and Wildlife, Local Government, Statehood and Women's Policy in the Northern Territory government. Ms. Price currently works in cross cultural awareness training, community liaison and Warlpiri language services.

The above named directors held office during the whole of the financial year except for:

Mr. R.E. Hudson expired on 31 August 2017

Ms B. Price appointed on 30 November 2017

#### Shares options granted to directors and senior management

No share options were granted or authorised to directors and senior management.

#### Company secretary

Dr. B Orme held the position of company secretary of the Group at the end of the financial year.

#### Principal activities

The Company's principal activities are management services provided to remote Indigenous community stores across Australia and commercial loans and other financial support to unviable remote community stores through the support of Department of The Prime Minister and Cabinet (October 2013 to date).

#### Review of operations

Outback Stores managed 38 stores at the end of the financial year. Combined store turnover for the financial year was over [\$80.2 million].

We have continued to encourage consumption of healthy food while not withdrawing unhealthy products. We continued to address affordability of fruit and vegetables this year. There was significant disruption to fruit and vegetable supply and delivery due to extreme weather events during the wet season. There was a small increase in volume in the last part of the year. Overall we believe that substantial diet changes will take a significant amount of time and involve continuing to work with health and nutrition groups in the communities.

We have also focused on improving efficiencies within the business reducing operating costs while maintaining high service levels to stores we manage.

The business of managing retail stores in remote communities continues to be challenging due to the ongoing high operating costs both for the stores and for the Group to service and support them. The Company continues to work to reduce costs in stores and become more efficient in the way we manage them. The Company still has a large number of stores that are not viable due to small populations and geographical difficulties.

## Outback Stores Pty Ltd and its Controlled Entities

### Director's Report

	2018	2017
	\$	\$
<b>Profit / (Loss) for the year</b>	<b>(69,061)</b>	(514,259)
Plus: Income tax	17,244	54,380
<b>Profit before income tax</b>	<b>(51,817)</b>	(459,879)
Less: Adjustments for non-operating profit		
Revenue from Government Grants	2,177,404	1,630,769
Gain on sale of fixed assets/Impairment of Goodwill	95,338	35,998
Impairment of Goodwill	-	(559,127)
Store grant expenditure (underpinning)	(2,064,130)	(1,631,157)
Grant expenditure	(113,274)	-
<b>Total non-operating profit / (loss)</b>	<b>95,338</b>	(523,517)
<b>Total operating profit / (loss)</b>	<b>(147,155)</b>	63,638

#### Change in state of affairs

There was no significant change in the state of affairs of the Company during the financial year.

#### Subsequent events

There has not been any matter or circumstance occurring subsequent to the year end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of its operations, or the state of affairs of the Company other than those matters outlined in Note 19 to the financial statements.

#### Future developments

The Group will continue to grow through expanding their services to other Indigenous community stores across Australia. There is a possibility that some of the current Indigenous community stores could discontinue their management agreement with the Company, any further information of this nature has been omitted due to the uncertainty involved in the operations of the Company.

#### Dividends

No dividends have been paid or declared since the start of the financial year and the directors have not recommended the payment of a dividend for the current financial year's performance.

#### Indemnification of officers

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above) and all executive officers of the Company against a liability incurred as such a director or executive officer to the extent permitted by the *Corporations Act 2001*.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

#### Auditor's independence declaration

The auditor's independence declaration is included on page 77.

## Outback Stores Pty Ltd and its Controlled Entities

### Director's Report

#### Remuneration report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Group's directors and its senior management for the financial year ended 30 June 2018. The prescribed details for each person covered by this report are detailed below under the following headings:

- ▶ director and senior management details
- ▶ director's meetings
- ▶ remuneration policy
- ▶ remuneration of directors and senior management
- ▶ key terms of employment contracts

#### Director and senior management details

The following persons acted as directors of the company during or since the end of the financial year:

##### Non-executive Directors

Mr. S. Bradley (Chairman)  
 Mr. G. Cook  
 Mr. R.E. Hudson - expired 31 August 2017  
 Mr. G. Thomas  
 Ms. S. Cleveland  
 Mr. S. Bate  
 Assoc. Prof. J. Brimblecombe  
 Prof. S. Eades  
 Ms. B Price - appointed 30 November 2017

##### Senior Management

Mr. M. Borg (Chief Executive Officer)  
 Mr. W. Bretag (Chief Operating Officer - expired 9 February 2018)  
 Mr. J. Rathore (Chief Financial Officer)  
 Mr. E. Ralph (Group Operations Manager)  
 Mr. R. Mead (Group Merchandise and IT Manager)

## Outback Stores Pty Ltd and its Controlled Entities

### Director's Report

The term 'senior management' is used in this remuneration report to refer to the following persons that have the authority and responsibility for planning, directing and controlling the activities of the company. Except as noted below, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Mr. W. Bretag (Chief Operating Officer) - Ceased employment 9 February 2018.

Mr. R. Mead (Group Merchandise and IT Manager) - Commenced employment 15 January 2018

#### Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 4 board meetings, 8 store assessment committee meetings, 4 audit and risk committee meetings and 4 social outcomes committee meetings were held.

Directors	Board of directors		Store Assessment Committee		Audit and risk committee		Social and outcomes committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. S. Bradley	4	3	8	4	4	3	4	3
Mr. R.E. Hudson	1	1	-	-	1	1	-	-
Mr. G. Cook	4	4	8	8	-	-	4	4
Mr. G. Thomas	4	4	-	-	4	4	-	-
Ms. S. Cleveland	4	4	-	-	4	4	-	-
Mr. S. Bate	4	4	8	6	4	4	-	-
Assoc. Prof. J. Brimblecombe	4	3	-	-	-	-	4	3
Prof. S. Eades	4	2	-	-	-	-	4	2
Ms. B. Price	2	2	-	-	-	-	-	-

## Outback Stores Pty Ltd and its Controlled Entities

### Director's Report

#### Remuneration policy

It is a requirement to agree any remuneration package and wage contract of senior management with the Chairman.

Board approval is required to change the remuneration package of the Chief Executive Officer after determination by the remuneration tribunal.

Remuneration for employees is based on employment contracts that are linked to the individual's and Company performance. The Company's earnings are reported under the statement of profit or loss and other comprehensive income.

#### Remuneration of directors and senior management

##### Non-executive

Remuneration has been paid to non-executive directors during or since the end of the financial year.

	2018	2017
	\$	\$
Short term employment benefits	269,267	231,294
Post employment benefits	24,775	51,220
<b>Total remuneration:</b>	<b>294,042</b>	<b>282,514</b>

##### Executive officers

Short term employee benefits	934,034	839,901
Long term employment benefits	9,756	7,420
Post employment benefits	81,289	70,789
Termination benefits	6,673	10,592
<b>Total remuneration:</b>	<b>1,031,752</b>	<b>928,702</b>

## Outback Stores Pty Ltd and its Controlled Entities

### Director's Report

#### Bonuses and share-based payments granted as compensation for the current financial year

##### Bonuses

Bonuses to senior management are provided for based on their individual employee contracts and are based on Company performance and at the Board's discretion.

##### Employee share option plan

None.

##### Key terms of employment contracts

Employment contracts are negotiated on a per person basis and include the following details. Unless noted otherwise, the termination notice required to terminate the contract is four weeks.

Mr. M. Borg (Chief Executive Officer) - 3 year contract commencing 24 October 2016, with a required termination period of 3 months.

Mr. J. Rathore (Chief Financial Officer) - Position commencing 1 July 2015.

Mr. E. Ralph (Group Operations Manager) - Position commencing 19 December 2016.

Mr. R Mead (Group Merchandise and IT Manager) - Position commencing 15 January 2018.

On behalf of the Directors

*S Bradley*

Mr. S. Bradley  
Chairman

Darwin, Dated: 23/5/18

## Outback Stores Pty Ltd and its Controlled Entities

### Directors' Declaration

In the opinion of the Directors of Outback Stores Pty Ltd:

- a. a) The consolidated financial statements and notes of Outback Stores Pty Ltd are in accordance with the Corporations Act 2001, including:
  - i. Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
  - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b. There are reasonable grounds to believe that Outback Stores Pty Ltd will be able to pay its debts as and when they become due and payable.

Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

On behalf of the Directors  
  
Mr. S. Bradley  
Chairman  
Darwin, Dated: 23/8/18



Mr Stephen Bradley  
Chairman of the Board  
Outback Stores Pty Ltd  
PO Box 1953  
Berrimah NT 0828

#### OUTBACK STORES PTY LTD AND ITS CONTROLLED ENTITY'S FINANCIAL REPORT 2017-2018 AUDITOR'S INDEPENDENCE DECLARATION

In relation to my audit of the financial report of Outback Stores Pty Ltd and its Controlled Entity for the year ended 30 June 2018, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office



Rita Bhana  
Senior Director

Delegate of the Auditor-General

Canberra

22 August 2018



## INDEPENDENT AUDITOR'S REPORT

To the members of Outback Stores Pty Ltd

### Opinion

In my opinion, the financial report of Outback Stores Pty Ltd and its Controlled Entity (together the consolidated entity) for the year ended 30 June 2018 is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

The financial report of the consolidated entity, which I have audited, comprises the following statements as at 30 June 2018 and for the year then ended:

- Directors' Declaration;
- Consolidated Statement of Profit or Loss and Other Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Changes in Equity;
- Consolidated Statement of Cash Flows; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

### Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the consolidated entity in accordance with the *Corporations Act 2001* and the relevant ethical requirements for financial report audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Outback Stores Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the director's report for the year ended 30 June 2018 but does not include the financial statements and my auditor's report thereon.

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

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

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

### Directors' Responsibility for the Financial Report

The directors of Outback Stores Pty Ltd are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such

internal control 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 consolidated entity's ability to continue as a going concern, disclosing matters, as applicable, related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office 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 the financial report.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 consolidated 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 consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the consolidated entity audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Australian National Audit Office

Rita Bhana  
Senior Director  
Delegate of the Auditor-General  
Canberra  
24 August 2018

## Outback Stores Pty Ltd and its Controlled Entities

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 30 June 2018

	Notes	Consolidated	
		2018	2017
		\$	\$
<b>Revenue</b>			
Revenue from government grants	3A	2,177,404	1,630,769
Sale of goods and rendering of services	3B	8,904,063	9,511,531
Interest income	3C	996,514	1,306,105
Rental income	3D	21,931	19,905
Store recoveries and charges	3E	8,283,661	7,783,602
Rebates		2,257,580	2,123,777
Other revenue	3F	476,627	698,287
Gain on disposal of fixed assets		95,338	35,998
<b>Total Revenue</b>		<b>23,213,118</b>	<b>23,109,974</b>
<b>Expenses</b>			
Consulting expenditure	4A	145,357	128,882
Cost of goods sold	4B	3,405,225	4,096,046
Depreciation and amortisation	4C	767,308	875,673
Impairment of goodwill		-	559,127
Employee benefits expense	4D	12,726,976	12,334,117
Rental expenses		388,521	416,611
Store grant expenditure (underpinning)	4E	2,064,130	1,631,157
Administrative expenditure	4F	3,654,144	3,528,240
Other grant expenditure	4G	113,274	-
<b>Total Expenses</b>		<b>23,264,935</b>	<b>23,569,853</b>
<b>Profit / (Loss) before income tax</b>		<b>(51,817)</b>	<b>(459,879)</b>
Income tax expense	5A	17,244	54,380
<b>Profit / (Loss) for the year</b>		<b>(69,061)</b>	<b>(514,259)</b>
<b>Total comprehensive income/(loss)</b>		<b>(69,061)</b>	<b>(514,259)</b>
<b>Profit / (loss) for the year attributable to:</b>		<b>(69,061)</b>	<b>(514,259)</b>
Owners of the Company			
<b>Total comprehensive income/(loss) for the year attributable to:</b>		<b>(69,061)</b>	<b>(514,259)</b>
Owners of the Company			

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

## Outback Stores Pty Ltd and its Controlled Entities

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2018

	Notes	Consolidated	
		2018	2017
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6A	47,943,291	49,008,201
Trade and other receivables	6C	2,171,468	2,530,364
Inventories	6B	276,431	253,458
Other financial assets	6D	81,387	148,310
Other current assets	6E	205,767	152,799
<b>Total current assets</b>		<b>50,678,344</b>	<b>52,093,132</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	2,755,013	2,945,544
Deferred tax assets	5D	427,564	422,520
Other financial assets	6D	2,163,014	2,472,116
Intangible assets	8	75,907	135,953
<b>Total non-current assets</b>		<b>5,421,498</b>	<b>5,976,133</b>
<b>Total Assets</b>		<b>56,099,842</b>	<b>58,069,265</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9A	1,537,601	1,365,137
Deferred revenue - government grants	9B	11,556,656	13,667,125
Provisions	9C	996,930	889,762
Current tax liabilities	5C	-	22,954
<b>Total current liabilities</b>		<b>14,091,187</b>	<b>15,944,978</b>
<b>Non-current liabilities</b>			
Provisions	9C	332,207	401,066
Deferred tax liabilities	5D	59,557	37,269
<b>Total non-current liabilities</b>		<b>391,764</b>	<b>438,335</b>
<b>Total Liabilities</b>		<b>14,482,951</b>	<b>16,383,313</b>
<b>Net Assets</b>		<b>41,616,891</b>	<b>41,685,952</b>
<b>EQUITY</b>			
Issued capital	10	40,000,001	40,000,001
Retained earnings		1,616,890	1,685,951
<b>Total Equity</b>		<b>41,616,891</b>	<b>41,685,952</b>

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

## Outback Stores Pty Ltd and its Controlled Entities

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Issued Capital \$	Retained Earnings \$	Total Equity \$
<b>Balance at 1 July 2016</b>	40,000,001	2,200,210	<b>42,200,211</b>
Loss for the year	-	(514,259)	<b>(514,259)</b>
Total comprehensive loss for the year	-	(514,259)	<b>(514,259)</b>
<b>Balance at 30 June 2017</b>	40,000,001	1,685,951	<b>41,685,952</b>
<b>Balance at 1 July 2017</b>	40,000,001	1,685,951	<b>41,685,952</b>
Loss for the year	-	(69,061)	<b>(69,061)</b>
Total comprehensive loss for the year	-	(69,061)	<b>(69,061)</b>
<b>Balance at 30 June 2018</b>	40,000,001	1,616,890	<b>41,616,891</b>

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

## Outback Stores Pty Ltd and its Controlled Entities

### CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from customers		<b>20,249,789</b>	20,088,359
Grants received		<b>2,177,404</b>	1,630,769
<b>Total cash received</b>		<b>22,427,193</b>	21,719,128
<b>Cash used</b>			
Payments to suppliers and employees		<b>(22,242,872)</b>	(22,605,145)
Income taxes paid		<b>(22,954)</b>	(17,394)
<b>Total cash used</b>		<b>(22,265,826)</b>	(22,622,539)
<b>Net cash from/(used in) operating activities</b>	12B	<b>161,367</b>	(903,411)
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		<b>109,716</b>	59,725
Amounts received from stores under commercial loans		<b>156,354</b>	110,164
Bond deposits received/(paid)		<b>10,275</b>	9,079
Interest received		<b>996,514</b>	1,306,105
<b>Total cash received</b>		<b>1,272,859</b>	1,485,073
<b>Cash used</b>			
Payments for property, plant and equipment	7	<b>(531,108)</b>	(490,114)
Underpinning payments for stores and other grants		<b>(1,968,029)</b>	(1,631,157)
Payments to stores under commercial loans		-	(1,801,629)
<b>Total cash used</b>		<b>(2,499,137)</b>	(3,922,900)
<b>Net cash used in investing activities</b>		<b>(1,226,278)</b>	(2,437,827)
<b>Net decrease in cash and cash equivalents</b>		<b>(1,064,911)</b>	(3,341,238)
Cash and cash equivalents at the beginning of the year		<b>49,008,201</b>	52,349,439
Cash and cash equivalents at the end of the year	6A	<b>47,943,290</b>	49,008,201

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

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 1: General information

#### 1. General information

Outback Stores Pty Ltd (Outback Stores or the Company) is a proprietary company limited by shares, incorporated and domiciled in Australia. The Company's principal activities are management services provided to remote Indigenous community stores across Australia and commercial loans and other financial support to unviable remote community stores through the support of Department of The Prime Minister and Cabinet (October 2013 to date).

The Group consists of Outback Stores and the entity controlled by Outback Stores (its controlled entity) referred to as 'the Group' in these financial statements.

The Outback Stores' registered office and principal place of business of the Company are as follows:

67 Pruen Road,  
Berrimah  
Darwin NT 0828

### Note 2: Summary of significant accounting policies

#### 2.1 Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to AASBs and new Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2017, and therefore relevant for the current year end. The application of these amendments and interpretations does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

#### 2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations relevant to the company as listed below were in issue but not yet effective.

<u>Standard / Interpretation</u>	<u>Effective for annual reporting periods beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards - Effective date of AASB 15', AASB 2016-3 'Amendments to Australian Accounting Standards - Clarifications to AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-10 'Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2018	30 June 2019

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

#### 2.2 Standards and Interpretations in issue not yet adopted (cont)

At the date of authorisation of the financial statements, the Standards and Interpretations relevant to the company as listed below were in issue but not yet effective.

<u>Standard / Interpretation</u>	<u>Effective for annual reporting periods beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
AASB 2016-6 'Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts'	1 January 2018	30 June 2019
AASB 2017-1 'Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments'	1 January 2018	30 June 2019
AASB 2017-3 'Amendments to Australian Accounting Standards - Further Annual Improvements 2014-16 Cycle'	1 January 2018	30 June 2019
AASB 2017-6 'Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation'	1 January 2019	30 June 2020
AASB 2017-7 'Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures'	1 January 2019	30 June 2020
Interpretation 22 'Foreign Currency Transactions and Advance Consideration'	1 January 2018	30 June 2019
Interpretation 23 'Uncertainty over Income Tax Treatments AASB 2017-4 'Amendments to Australian Accounting Standards - Uncertainty over Income Tax Treatments'	1 January 2019	30 June 2020

The potential effect of the revised Standards/Interpretations on the Group's financial statements is currently underway and not fully determined.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

#### 2.3 Significant accounting policies

##### 2.3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The consolidated financial statements for the year ended 30 June 2018 were approved and authorised for issue by the Board of Directors on 23 August 2018.

##### 2.3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

#### 2.3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Refer to note 13 for related party disclosures. Profit and loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition for up to the date of disposal, as applicable.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

#### (a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Sharebased Payment' at the acquisition date;
- and assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

#### (b) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (c) Cash and cash equivalents

Cash comprises cash on hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. The Group did not have an overdraft during the financial period.

#### (d) Employee benefits

##### Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

##### Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

#### (e) Financial instruments

Financial assets held by the Group are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Financial assets

Financial assets are classified into the following specified categories which are applicable to the Group: 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss (FVTPL).

#### Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### Impairment of financial assets: Loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced directly by the impairment loss for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed and it does not exceed what the amortised cost would have been had the impairment not been recognised.

#### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

#### (f) **Financial liabilities and equity instruments issued by the Group**

##### Classification of debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

##### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Movements in equity instruments in the Group during the reporting period are outlined in the statement of changes in equity and Note 10.

##### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss (FVTPL)' or other financial liabilities.

##### Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

##### Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

#### (g) **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in accordance with the accounting policies above.

#### (h) **Impairment testing of goodwill, other intangible assets and property, plant and equipment**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

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

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

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

#### (i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

##### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### (j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

#### (k) Intangible assets

##### Patents, trademarks and licences

Patents, trademarks and licences are recorded at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### IT Software

IT software is recorded at cost less accumulated amortisation and impairment. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful lives are:

<u>Class of intangible asset</u>	<u>2018</u>	<u>2017</u>
Trademarks	10 years	10 years
IT software	3 years	3 years

#### (l) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

#### As lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### As lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Refer to note 2(b). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### (m) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

#### (n) Property, plant and equipment

Buildings represent portable housing and fixtures in remote communities and are stated at cost less accumulated depreciation and accounting impairment losses.

Depreciation on buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued buildings, the attributable revaluation surplus remaining in the revaluation reserve, net of any related taxes, is transferred directly to retained earnings.

Furniture and fittings, containers, leasehold improvements, motor vehicles and components and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements and equipment under finance lease are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. Assets acquired under \$1,000 are written off immediately for financial accounting purposes.

The following depreciation rates were used for each class of asset:

Class of Property, Plant and Equipment	2018	2017
Containers	20%	20%
Furniture and Fittings	20%	20%
Housing	10%	10%
IT Equipment	25% - 66.67%	25% - 66.67%
Leasehold improvements	2.50%	2.50%
Motor vehicles and components	20% - 33.33%	20% - 33.33%

#### (o) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

#### Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The Group was not subject to an onerous contract during the reporting period.

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

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

#### (p) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

#### Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and the titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- management and accounting fees are recognised by reference to the management service contract which reflect the performance of contracted services

#### Rental income:

The Group's policy for recognition from operating leases is described in note 2(l).

#### Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Government grants

Government grants are recognised in accordance with the accounting policy outline in note 2(g).

#### Rebate income

Rebate income from suppliers is recognised when it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

#### (q) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

#### 2.4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

##### 2.4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### Useful lives of property, plant and equipment

As described in note 2(n), the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. No changes were made to the useful lives for existing assets.

#### Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at

- future increases in wage and salaries;
- future on cost rates; and
- experience of employee departures and period of service

The potential effect of a change in these assumptions is not expected to be material.

#### Intangible assets

Useful lives for trademarks are based on contractual life for trademark registrations. In determining the estimated useful lives for IT Software, management relies on guidance provided by the Australian Taxation Office. The potential effect of a change in these estimates is not expected to be material.

#### Inventories

Inventory set out in note 6B represents finished goods purchased for sale in the retail stores owned and managed by the Group and is calculated at the lower of cost and net realisable value as stated in note 2 (j). The net realisable value of inventories is the estimated selling price in the ordinary

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 2: Summary of significant accounting policies

course of business less estimated cost to sell which approximates fair value less cost to sell. The key assumptions require the use of management judgement and are reviewed annually. These key assumptions are the variables affecting the estimated costs to sell and the expected selling price. Any reassessment of cost to sell or selling price in a particular year will affect the cost of goods sold. The potential effect of a change in these assumptions is not expected to be material.

#### Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 30 June 2018 was \$0 (30 June 2017: \$0). An impairment loss of \$0 was recognised during 2018 (2017: \$559,127).

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 3: Revenue

	<b>Consolidated</b>	
	2018	2017
	\$	\$
<b>Note 3A: Revenue from Government Grants</b>		
Grants from related entities:		
Department of Social Services - Food Grant	1,109,788	1,018,663
Department of Social Services - Food Security	955,942	612,106
Department of the Prime Minister and Cabinet - Nutrition Grant	111,674	-
<b>Total revenue from Government Grants</b>	<b>2,177,404</b>	<b>1,630,769</b>
<b>Note 3B: Sale of goods and rendering of services</b>		
Management fees	4,068,755	3,923,675
Sale of goods	4,835,308	5,587,856
<b>Total sale of goods and rendering of services</b>	<b>8,904,063</b>	<b>9,511,531</b>
<b>Note 3C: Interest income</b>		
Financial Institutions	25,844	29,331
Interest from Loans to Stores	116,985	79,934
Term Deposits	853,685	1,196,840
<b>Total interest income</b>	<b>996,514</b>	<b>1,306,105</b>
<b>Note 3D: Rental income</b>		
Operating lease:		
House	21,931	19,905
<b>Total rental income</b>	<b>21,931</b>	<b>19,905</b>
<b>Note 3E: Store recoveries and charges</b>		
Managers Services On-charged	6,706,927	6,156,819
Recoveries from Managed Stores	1,576,734	1,626,783
<b>Total store recoveries and charges</b>	<b>8,283,661</b>	<b>7,783,602</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 3: Revenue (cont)

	Consolidated	
	2018	2017
	\$	\$
<u>Note 3F: Other revenue</u>		
Commission received	6,584	12,363
Consultancy fees	234,785	204,719
Sundry income	70,741	207,924
Training government subsidy	164,517	273,281
<b>Total other revenue</b>	<b>476,627</b>	<b>698,287</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 4: Expenses

	Consolidated	
	2018	2017
	\$	\$
<u>Note 4A: Consulting expenditure</u>		
Consultancy fees	138,789	117,344
Legal fees	6,568	11,538
<b>Total consulting expenditure</b>	<b>145,357</b>	<b>128,882</b>
<u>Note 4B: Cost of goods sold</u>		
Purchases and direct cost	3,405,225	4,096,046
<u>Note 4C: Depreciation and amortisation</u>		
Amortisation of intangible assets	60,046	62,040
Depreciation of property, plant and equipment	707,262	813,633
<b>Total depreciation and amortisation</b>	<b>767,308</b>	<b>875,673</b>
<u>Note 4D: Employee benefits expense</u>		
Wages and salaries	11,551,921	11,229,847
Travel and other allowances	99,280	89,185
Superannuation contributions - defined contribution plans	1,026,282	1,005,254
Staff incentive provision	11,183	15,134
Leave and other entitlements	38,310	(5,303)
<b>Total employee benefit</b>	<b>12,726,976</b>	<b>12,334,117</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 4: Expenses (cont)

	Consolidated	
	2018	2017
	\$	\$
<b>Note 4E: Store grant expenditure</b>		
Barunga - Barunga Community Store Indigenous Corporation - Ngan Jilngurru Store	10,500	54,524
Jigalong - Jigalong Community Enterprises Pty Ltd atf Jigalong Community Unit Trust	253,546	375
Engawala - Ntjaminya General Store Aboriginal Corporation	100,457	28,659
Epenarra - Wetengerr Aboriginal Corporation	83,102	154,549
Imanpa - Imanpa General Store Anangu Aboriginal Corporation	260,174	234,987
Jilkminggan - Dungalan Aboriginal Corporation	109,048	72,567
Mulan - Pinanyi Store Aboriginal Corporation	159,895	93,916
Pigeon Hole - Nitjpurru Aboriginal Corporation	118,783	74,139
Ringer Soak - Kundat Djaru Community Store Aboriginal Corporation	202,350	198,087
Titjikala - Titjikala Community Store Aboriginal Corporation	64,729	109,389
Ti Tree - Anmatjere Community Store Aboriginal Corporation	144,806	201,946
Willowra - Wirliyajarrayi Aboriginal Corporation	-	3,485
Yiyili - Yiyili Store Indigenous Corporation	88,960	122,778
Mt Liebig - Mt Liebig Community Store Aboriginal Corporation	18,125	33,724
Tjuntjuntjara - Paupiyala Tjarutja Aboriginal Corporation	-	87,766
Timber Creek - Wirib Pty Ltd T/as Wirib Store and Tourism Park	360,283	154,391
Oak Valley - Oak Valley (Maralinga) Inc T/as Oak Valley Community Store	56,863	5,875
Lagulalya - Lagulalya Aboriginal Corporation	32,509	-
<b>Total store grant expenditure</b>	<b>2,064,130</b>	<b>1,631,157</b>

Store grants represent non-recoverable cash advances and other underpinning to assist unviable remote community stores.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 4: Expenses (cont)

	Consolidated	
	2018	2017
	\$	\$
<b>Note 4F: Administrative expenditure</b>		
Travel and accommodation	410,244	384,590
Bad debts	13,503	(61)
Information technology	219,280	217,318
Recruitment costs	29,466	64,159
Insurance	351,245	366,852
Accountancy fees	34,191	32,225
Audit fees (Note 4H)	44,200	43,800
Motor vehicle	227,661	190,171
Fringe benefit and payroll tax	730,311	711,820
Training	145,928	153,335
Communication	80,861	111,899
Other expenses	1,367,254	1,252,132
<b>Total Administrative expenditure</b>	<b>3,654,144</b>	<b>3,528,240</b>

### Note 4G: Other grant expenditure

Expenditure of grants received from other entities:		
Food Security	1,600	-
Nutrition	111,674	-
<b>Total other grant expenditure</b>	<b>113,274</b>	<b>-</b>

### Note 4H: Auditors' remuneration

Amounts paid or payable in respect of the audit or review of the financial statements of the Group to:		
Australian National Audit Office	44,200	43,800
<b>Total auditors' remuneration</b>	<b>44,200</b>	<b>43,800</b>

No non-audit services were provided by the Australian National Audit Office.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 5: Income tax expense

	Consolidated	
	2018	2017
	\$	\$

#### Note 5A: Income tax recognised in profit or loss

Tax expense comprises:		
Current tax expense in respect of the current year	-	22,954
<b>Current tax</b>	<b>-</b>	<b>22,954</b>
Deferred tax expense relating to the origination and reversal of temporary differences	17,244	31,426
<b>Total income tax expense</b>	<b>17,244</b>	<b>54,380</b>

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense / (benefit) in the financial statements as follows:

<b>Profit (loss) before income tax</b>	<b>(51,817)</b>	(459,879)
Income tax expense calculated at 27.5% (2017: 30%)	<b>(14,250)</b>	(137,964)
Effect of expenses that are not deductible in determining taxable profit	<b>618,657</b>	926,164
Effect of income that are deductible in determining taxable profit	<b>(685,072)</b>	(733,820)
Effect of unused tax losses not recognised as deferred tax asset	<b>97,999</b>	-
<b>Income tax expense in statement of comprehensive income</b>	<b>17,244</b>	<b>54,380</b>

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law.

#### Note 5B: Franking Credits

Opening balance	<b>2,484,709</b>	2,459,444
Tax paid	<b>22,954</b>	25,265
<b>Closing balance</b>	<b>2,507,663</b>	<b>2,484,709</b>

#### Note 5C: Current tax liabilities

Current tax liabilities		
Income tax payable	-	22,954
<b>Closing balance</b>	<b>-</b>	<b>22,954</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 5: Income tax expense (cont)

#### Note 5D: Deferred tax balances

Consolidated	Opening Balance	Charged to Income	Recognised directly in profit or loss	Recognised directly in equity	Total
<b>2018</b>	\$	\$	\$	\$	\$
<b>Temporary differences</b>					
Prepayments	(37,269)	-	(15,616)	-	<b>(52,885)</b>
Property, plant & equipment and Intangible assets	1,049	-	(7,721)	-	<b>(6,672)</b>
Other assets	9,547	-	92,523	-	<b>102,070</b>
Accrued expenses	6,029	-	(990)	-	<b>5,039</b>
Employee benefits	388,530	-	(83,331)	-	<b>305,199</b>
Provision for audit fees	13,500	-	(1,345)	-	<b>12,155</b>
Fringe benefit and payroll tax	3,865	-	(764)	-	<b>3,101</b>
	<b>385,251</b>	<b>-</b>	<b>(17,244)</b>	<b>-</b>	<b>368,007</b>

#### Presented on the statement of financial position as follows:

Deferred tax liability attributable to continuing operations	59,557
	<b>59,557</b>
Deferred tax asset attributable to continuing operations	427,564
	<b>427,564</b>

	Opening Balance	Charged to Income	Recognised directly in profit or loss	Recognised directly in equity	Total
<b>2017</b>	\$	\$	\$	\$	\$
<b>Temporary differences</b>					
Prepayments	(34,126)	-	(3,143)	-	<b>(37,269)</b>
Property, plant & equipment and Intangible assets	27,665	-	(26,616)	-	<b>1,049</b>
Other assets	14,377	-	(4,830)	-	<b>9,547</b>
Accrued expenses	4,311	-	1,718	-	<b>6,029</b>
Employee benefits	388,839	-	(309)	-	<b>388,530</b>
Provision for audit fees	11,445	-	2,055	-	<b>13,500</b>
Fringe benefit and payroll tax	4,166	-	(301)	-	<b>3,865</b>
	<b>416,677</b>	<b>-</b>	<b>(31,426)</b>	<b>-</b>	<b>385,251</b>

#### Presented on the statement of financial position as follows:

Deferred tax liability attributable to continuing operations	37,269
	<b>37,269</b>
Deferred tax asset attributable to continuing operations	422,520
	<b>422,520</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 6: Current Assets

	Consolidated	
	2018	2017
	\$	\$
<b>Note 6A: Cash and cash equivalents</b>		
Cash	34,943,291	1,808,201
Short term deposits	13,000,000	47,200,000
<b>Total cash and cash equivalents</b>	<b>47,943,291</b>	<b>49,008,201</b>

The effective interest rate on short term deposits was 2.65% (2017: 2.6%).

### Note 6B: Inventories

	2018	2017
Finished goods at cost	276,431	253,458
	<b>276,431</b>	<b>253,458</b>

Inventories are purchased goods used in trading community stores that are owned and operated by the Group and are expected to be recovered within twelve months.

The cost of inventories recognised as an expense during the year in respect of continuing operations was \$3,405,225 (2017: \$4,096,046).

### Note 6C: Trade and other receivables

Trade receivables (i)		
Goods and services receivables	2,017,008	1,985,209
Rebates receivable	47,120	-
<b>Total trade receivables</b>	<b>2,064,128</b>	<b>1,985,209</b>
Other receivables		
Accrued interest	57,677	424,587
Bonds	14,666	13,866
Sundry receivables	34,997	106,702
<b>Total other receivables</b>	<b>107,340</b>	<b>545,155</b>
<b>Total trade and other receivables</b>	<b>2,171,468</b>	<b>2,530,364</b>

(i) No interest is charged on outstanding debtor balances. An allowance has been made for irrecoverable amounts determined from liquidity review of individual stores and management views. Debtor days is not viewed as an accurate measurement of impairment of receivables.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 6: Current Assets (cont)

	Consolidated	
	2018	2017
	\$	\$
<b>Net receivables are aged as follows:</b>		
Not overdue	2,140,328	2,451,512
Overdue:		
30 to 60 days	-	15,820
60 to 90 days	11,534	13,043
More than 90 days	19,606	49,989
<b>Total trade and other receivables</b>	<b>2,171,468</b>	<b>2,530,364</b>

### Note 6D: Other financial assets

<b>Current</b>		
Loans to other entities (i)	81,387	148,310
	<b>81,387</b>	<b>148,310</b>
<b>Non-current</b>		
Loans to other entities (i)	1,626,461	1,925,288
Bond deposits	536,553	546,828
	<b>2,163,014</b>	<b>2,472,116</b>
<b>Total other financial assets</b>	<b>2,244,401</b>	<b>2,620,426</b>

(i) Loans to other entities represents unsecured commercial loans to community stores under the terms of management agreements, repayable over the loan agreement period, being between 1 to 15 years. Interest is charged between 6 - 7%.

### Note 6E: Other current assets

Prepayments	205,767	152,799
<b>Total other current assets</b>	<b>205,767</b>	<b>152,799</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 7: Property, Plant and Equipment

#### Consolidated

	Housing at cost	Containers at cost	Furniture and fittings at cost	Leasehold Improvements at cost	Motor Vehicle and components at cost	IT Equipment at cost	Total
	\$	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2017</b>							
Gross book value	2,182,731	73,024	1,060,243	176,330	2,598,374	2,135,543	<b>8,226,245</b>
Accumulated depreciation and impairment	(950,041)	(72,225)	(272,417)	(146,155)	(2,004,133)	(1,835,730)	<b>(5,280,701)</b>
<b>Net book value 1 July 2017</b>	<b>1,232,690</b>	<b>799</b>	<b>787,826</b>	<b>30,176</b>	<b>594,241</b>	<b>299,813</b>	<b>2,945,544</b>
Additions	3,407	-	15,348	-	366,303	146,050	<b>531,108</b>
Depreciation	(114,006)	(400)	(70,864)	(3,937)	(388,681)	(129,373)	<b>(707,261)</b>
Disposals	-	-	-	-	(14,378)	-	<b>(14,378)</b>
<b>Net book value 30 June 2018</b>	<b>1,122,091</b>	<b>399</b>	<b>732,310</b>	<b>26,239</b>	<b>557,485</b>	<b>316,489</b>	<b>2,755,013</b>

#### Net book value at 30 June 2018 represented by:

Gross book value	2,186,138	73,024	1,075,591	176,330	2,950,299	2,281,593	<b>8,742,975</b>
Accumulated depreciation and impairment	(1,064,048)	(72,625)	(343,281)	(150,092)	(2,392,814)	(1,965,103)	<b>(5,987,962)</b>
	<b>1,122,090</b>	<b>399</b>	<b>732,310</b>	<b>26,239</b>	<b>557,485</b>	<b>316,490</b>	<b>2,755,013</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 7: Property, Plant and Equipment (cont)

#### Consolidated

	Housing at cost	Containers at cost	Furniture and fittings at cost	Leasehold Improvements at cost	Motor Vehicle and components at cost	IT Equipment at cost	Total
	\$	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2016</b>							
Gross book value	2,174,512	73,024	1,057,276	175,924	2,421,214	2,004,610	7,906,560
Accumulated depreciation and impairment	(836,729)	(71,825)	(199,334)	(141,570)	(1,774,906)	(1,589,406)	(4,613,770)
<b>Net book value 1 July 2016</b>	<b>1,337,783</b>	<b>1,199</b>	<b>857,942</b>	<b>34,354</b>	<b>646,308</b>	<b>415,204</b>	<b>3,292,790</b>
Additions	8,219	-	2,967	406	347,589	130,933	490,114
Depreciation	(113,312)	(400)	(73,083)	(4,585)	(375,929)	(246,324)	(813,633)
Disposals	-	-	-	-	(23,727)	-	(23,727)
<b>Net book value 30 June 2017</b>	<b>1,232,690</b>	<b>799</b>	<b>787,826</b>	<b>30,175</b>	<b>594,241</b>	<b>299,813</b>	<b>2,945,544</b>

#### Net book value at 30 June 2017 represented by:

Gross book value	2,182,731	73,024	1,060,243	176,330	2,598,374	2,135,543	8,226,245
Accumulated depreciation and impairment	(950,041)	(72,225)	(272,417)	(146,155)	(2,004,133)	(1,835,730)	(5,280,701)
	<b>1,232,690</b>	<b>799</b>	<b>787,826</b>	<b>30,175</b>	<b>594,241</b>	<b>299,813</b>	<b>2,945,544</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 8: Intangible Assets

	Consolidated		
	Trademarks	IT Software	Total
	\$	\$	\$
<b>As at 1 July 2017</b>			
Gross book value	16,177	665,668	681,845
Accumulated amortisation and impairment	(16,177)	(529,715)	(545,892)
<b>Net book value 1 July 2017</b>	<b>(0)</b>	<b>135,953</b>	<b>135,953</b>
Amortisation	-	(60,046)	(60,046)
<b>Net book value 30 June 2018</b>	<b>-</b>	<b>75,907</b>	<b>75,907</b>
<b>Net book value at 30 June 2018 represented by:</b>			
Gross book value	16,177	665,668	681,845
Accumulated amortisation and impairment	(16,177)	(589,761)	(605,938)
	<b>-</b>	<b>75,907</b>	<b>75,907</b>
<b>As at 1 July 2016</b>			
Gross book value	16,177	665,668	681,845
Accumulated amortisation and impairment	(15,162)	(468,690)	(483,852)
<b>Net book value 1 July 2016</b>	<b>1,015</b>	<b>196,978</b>	<b>197,993</b>
Amortisation	(1,015)	(61,025)	(62,040)
<b>Net book value 30 June 2017</b>	<b>-</b>	<b>135,953</b>	<b>135,953</b>
<b>Net book value at 30 June 2017 represented by:</b>			
Gross book value	16,177	665,668	681,845
Accumulated amortisation and impairment	(16,177)	(529,715)	(545,892)
	<b>-</b>	<b>135,953</b>	<b>135,953</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 9: Liabilities

	Consolidated	
	2018	2017
	\$	\$
<b>Note 9A: Trade and other payables</b>		
Trade creditors	643,336	631,440
Goods and services tax payable	320,758	281,930
Accrued expenses	449,562	311,254
PAYG withholding tax	-	23,190
Audit fees	44,200	45,000
Fringe benefit and payroll taxes	79,745	72,323
<b>Total trade and other payables</b>	<b>1,537,601</b>	<b>1,365,137</b>

The average credit period on purchases of goods is 1 month. No interest is charged on the trade payables for outstanding balances. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

### Note 9B: Deferred revenue - Government grants

Unexpended grants - Parent entity		
Indigenous Business Australia - Northern Territory Emergency Relief Funding (NTER)	616,389	1,226,177
Department of Social Services Food Grant	3,210,674	3,210,675
Unexpended grants - Other		
Governance and Training Grant Funding	7,729,593	9,230,273
<b>Total grants</b>	<b>11,556,656</b>	<b>13,667,125</b>
<i>Grants liabilities are represented by:</i>		
Current	11,556,656	13,667,125
<b>Total grants</b>	<b>11,556,656</b>	<b>13,667,125</b>

The deferred government grants are represented by the Department of Social Services for the purpose of supporting stores.

### Note 9C: Provisions

<b>Current</b>		
Employee benefits	996,930	889,762
<b>Total current provisions</b>	<b>996,930</b>	<b>889,762</b>
<b>Non-current</b>		
Employee benefits	332,207	401,066
<b>Total provisions</b>	<b>1,329,137</b>	<b>1,290,828</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 10: Issued Capital

	Consolidated	
	2018	2017
	\$	\$

#### Authorised and issued shares:

40,000,001 fully paid ordinary share (2017: 40,000,001 fully paid ordinary share)	40,000,001	40,000,001
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### Note 11: Leases

#### Operating leases

##### Lessee arrangements

Operating leases relate to business premises with lease terms of between 6 months to 6 years and residential facilities for temporary accommodation options. The lease terms include options to extend lease periods of between 1 and 2 years and escalation clauses that provide for rental increases based on CPI review. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

#### Non-cancellable operating lease commitments

	Minimum lease payments	
<b>Committed at the reporting date but not recognised as payables:</b>		
Within one year	250,326	228,494
One to five years	358,001	636,446
	<b>608,327</b>	<b>864,940</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 12: Cash flow reconciliation

	Consolidated	
	2018	2017
	\$	\$

#### Note 12A

Reconciliation of cash and cash equivalents		
Cash and cash equivalents	47,943,291	49,008,201
<b>Total cash and cash equivalents</b>	<b>47,943,291</b>	<b>49,008,201</b>

#### Note 12B

Reconciliation of profit / (loss) to cash flows from operating activities		
Profit / (loss) for the year after income tax	(69,061)	(514,259)
<b>Items reclassified as investing activities:</b>		
Interest received	(996,514)	(1,306,105)
Store grant expenditure (underpinning)	2,177,404	1,631,157
<b>Non cash flows in profit</b>		
Depreciation and amortisation	767,308	875,673
Gain on disposal of fixed assets	(95,338)	(35,998)
Impairment of Goodwill	-	559,127
<b>Changes in net assets and liabilities:</b>		
(Increase) / decrease in assets:		
Trade and other receivables	358,896	(59,814)
Inventories	(22,973)	62,091
Other current assets	(52,968)	11,072
Deferred tax assets	(5,044)	28,283
Increase / (decrease) in liabilities:		
Trade and other payables	172,463	43,610
Grants	(2,110,469)	(2,246,648)
Current tax liabilities	(22,954)	5,560
Deferred tax liabilities	22,288	3,143
Provisions	38,329	39,697
<b>Net cash from/(used in) operating activities</b>	<b>161,367</b>	<b>(903,411)</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 13: Related Party Disclosures

#### Related Party relationships:

The immediate parent and ultimate controlling party of the Group is the Department of The Prime Minister and Cabinet, on behalf of the Commonwealth of Australia. Other related parties are the Directors and other Key Management Personnel.

Balances and transactions between the company and its subsidiary, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

#### Relationship

The Company received Grant funding during the year from the Department of The Prime Minister and Cabinet for the Sugar Reduction Strategy at Remote Community Stores. In the current year there was \$165,000 received for this program. There were no other related party transactions during the year.

#### Transactions with Key Management Personnel

No transactions were entered into with Directors during the year. There were no transactions entered into with Key Management Personnel, other than that under their employment arrangements.

#### Terms and conditions

Majority of the Point of Sale systems are owned by Outback Stores and rented to stores managed by Outback Stores

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 14: Key Management Personnel Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2018	2017
	\$	\$
Non-executive short term employment benefits	269,267	231,294
Non-executive post employment benefits	24,775	51,220
Short term employment benefits	934,034	839,901
Long term employment benefits	9,756	7,420
Post employment benefits	81,289	70,789
Termination benefits	6,673	10,592
<b>Total</b>	<b>1,325,794</b>	<b>1,211,216</b>

#### Details of key management personnel:

The directors and other members of key management personnel of the Group during the year were:

Mr. M. Borg	Chief Executive Officer (appointed 24 October 2016)
Mr. E. Ralph	Group Operations Manager (appointed 19 December 2016)
Mr. W. Bretag	Chief Operating Officer (finished employment on 9 February 2018)
Mr. J. Rathore	Chief Financial Officer (appointed 1 July 2015)
Mr. R. Mead	Group Merchandise and IT Manager (appointed 15 January 2018)
Mr. S. Bradley	Chairman (appointed 31 July 2007)
Mr. R.E. Hudson	Director (expired on 31 August 2017)
Mr. G. Cook	Director (appointed 16 September 2015)
Ms. S. Cleveland	Director (appointed 1 September 2016)
Mr. S. Bate	Director (appointed 1 September 2016)
Prof. S. Eades	Director (appointed 1 September 2016)
Ms. B. Price	Director (appointed 30 November 2017)
Mr. G. Thomas	Director (appointed 16 September 2015)
Assoc. Prof. J. Brimblecombe	Director (appointed 1 September 2016)

The total number of key management personnel that are included in the above table are 14 (2017: 13)

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 15: Financial Instruments

	Consolidated	
	2018	2017
	\$	\$
<u>15A Categories of financial instruments</u>		
<u>Financial Assets</u>		
<b>Loans and receivables:</b>		
Cash and cash equivalents	47,943,291	49,008,201
Trade and other receivables	2,171,468	2,530,364
Other financial assets - loans	2,244,401	2,620,426
<b>Carrying amount of financial assets</b>	<b>52,359,160</b>	<b>54,158,991</b>
<u>Financial Liabilities</u>		
<b>Other financial liabilities:</b>		
Trade and other payables	1,537,601	1,365,137
Deferred revenue	11,556,656	13,667,125
<b>Carrying amount of financial liabilities</b>	<b>13,094,257</b>	<b>15,032,262</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 15: Financial Instruments (cont)

#### 15B Financial risk management objectives

##### Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while meeting its social responsibility for food security through the optimisation of debt and grant funding.

The capital structure of the Group consists of issued share capital and retained earnings as disclosed in the statement of changes in equity.

The Group is not subject to externally imposed capital requirements. Operating cash flows are used to operate and expand the Group's operations as well as to make routine outflows of tax.

The nature of services provided contribute to the high liquidity risk underlying the financial instruments. The Group is dependent on ongoing government support to provide food security and quality stores within remote communities.

##### Financial risk management objectives

The Group has formalised risk management processes in place. A risk register is kept updated for all risks identified for the Group. It lends money to stores that it manages on approval from the Stores Assessment Committee, which is a sub committee of the Board of Directors. Loans are provided at a discounted rate of interest.

The Store Assessment Committee's purpose is to review the viability of new stores proposed for management agreements to evaluate required establishment and support funds. This committee assists in mitigating liquidity risk prior to entering into a new contract. In some instances the stores are unable to repay the loans and these amounts are then funded from grant income received from the Group's immediate parent and ultimate parent entity, the Australian Government.

The capital structure of the Group consists of debt and unexpended grant funding in note 9B.

##### Market Risk

###### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group only deals with stores that it manages, related parties, funding bodies or credit worthy counter parties such as Metcash. Metcash supply inventory to the Outback Stores Group. It therefore is in a position to ensure that it minimises its exposure to credit risk.

###### Foreign currency risk management

The Group has minimum foreign exchange exposure and does not manage any implicit risk.

###### Interest rate risk

The Group's activities expose it to the financial risks of changes in interest rates. The Group has a treasury function policy and interest rate risks are managed by investing in short term interest bearing deposits, and lending to stores using varied maturity periods. Periods include up to ten years and are provided to stores at a discounted rate of interest.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 15: Financial Instruments (cont)

#### Interest rate risk management

The Group is exposed to interest rate risk from term deposits and loans provided to remote community stores. Currently there is a treasury function policy and interest rate risk is managed by investing in short term interest bearing deposits and lending to stores over the period of agreed management contracts. Term deposits and trading accounts are held in pre-approved financial institutions only.

The following tables illustrates the maturities for interest bearing financial assets subject to interest rate risk.

	Consolidation						
	Weighted Average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	\$	\$	\$	\$	\$	\$
<b>2018</b>							
Short term deposits (fixed interest rate)	2.65%	-	13,000,000	-	-	-	13,000,000
Other cash & cash equivalents (variable interest)	1.40%	-	-	34,943,291	-	-	34,943,291
Store loans (fixed interest rate)	5.92%	-	-	81,387	1,626,461	-	1,707,848
Bond deposits	5.48%	-	-	-	536,553	-	536,553
		-	13,000,000	35,024,678	2,163,014	-	50,187,692
<b>2017</b>							
Short term deposits (fixed interest rate)	2.60%	-	26,950,000	20,250,000	-	-	47,200,000
Other cash & cash equivalents (variable interest)	1.90%	-	-	1,808,201	-	-	1,808,201
Store loans (fixed interest rate)	5.92%	-	-	148,310	1,925,288	-	2,073,598
Bond deposits	5.48%	-	-	-	546,828	-	546,828
		-	26,950,000	22,206,511	2,472,116	-	51,628,627

#### Liquidity risk management

Ultimate responsibility for liquidity risk management exists with the Board of Directors.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities (term deposits) to meet forecast cash flows taking into account maturity profiles of financial assets and liabilities.

The following tables illustrates the maturities for financial liabilities attributable to liquidity risk. The tables have been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 15: Financial Instruments (cont)

	Consolidation						
	Weighted Average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	\$	\$	\$	\$	\$	\$
<b>2018</b>							
Trade and other payables	-	-	1,537,601	-	-	-	1,537,601
Deferred revenue	-	-	-	11,556,656	-	-	11,556,656
		-	1,537,601	11,556,656	-	-	13,094,257
<b>2017</b>							
Trade and other payables	-	-	1,365,137	-	-	-	1,365,137
Deferred revenue	-	-	-	13,667,125	-	-	13,667,125
		-	1,365,137	13,667,125	-	-	15,032,262

#### 15C Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

The fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Unless where otherwise stated, the directors consider the financial assets and financial liability carrying amount to also be its fair value.

#### Fair value hierarchy as at 30 June 2018

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
<b>Loans and receivables:</b>				
Trade and other receivables	-	-	2,171,468	2,171,468
Loans	-	-	1,707,848	1,707,848
Bonds	-	-	536,553	536,553
<b>Total</b>	-	-	4,415,869	4,415,869
<b>Financial liabilities</b>				
<b>Financial liabilities held at amortised cost:</b>				
Deferred revenue	-	-	11,556,656	11,556,656
Trade and other payables	-	-	1,537,601	1,537,601
<b>Total</b>	-	-	13,094,257	13,094,257

The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. Level 3 inputs are unobservable inputs for the asset and liability.

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 16: Parent Entity Disclosures

	Company	
	2018	2017
	\$	\$
<u>Financial position</u>		
<u>Assets:</u>		
Current assets	50,862,415	51,957,235
Non-current assets	6,319,963	6,823,626
<b>Total assets</b>	<b>57,182,378</b>	<b>58,780,861</b>
<u>Liabilities</u>		
Current liabilities	13,790,456	15,590,315
Non-current Liabilities	365,175	407,089
<b>Total liabilities</b>	<b>14,155,631</b>	<b>15,997,404</b>
<u>Equity</u>		
Issued capital	40,000,001	40,000,001
Retained earnings	3,026,746	2,783,456
<b>Total equity</b>	<b>43,026,747</b>	<b>42,783,457</b>
<u>Comprehensive income</u>		
Profit for the year	243,290	420,207
<b>Total comprehensive income</b>	<b>243,290</b>	<b>420,207</b>

## Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2018

### Note 17: Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group
Cardwell Supermarket Pty Ltd	Ownership and operation of a retail supermarket	Incorporation - 67 Pruen Rd, Berrimah NT, 0828  Operation - 198 Victoria Street, Cardwell QLD, 4849	100 ordinary shares - all owned by Outback Stores



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